

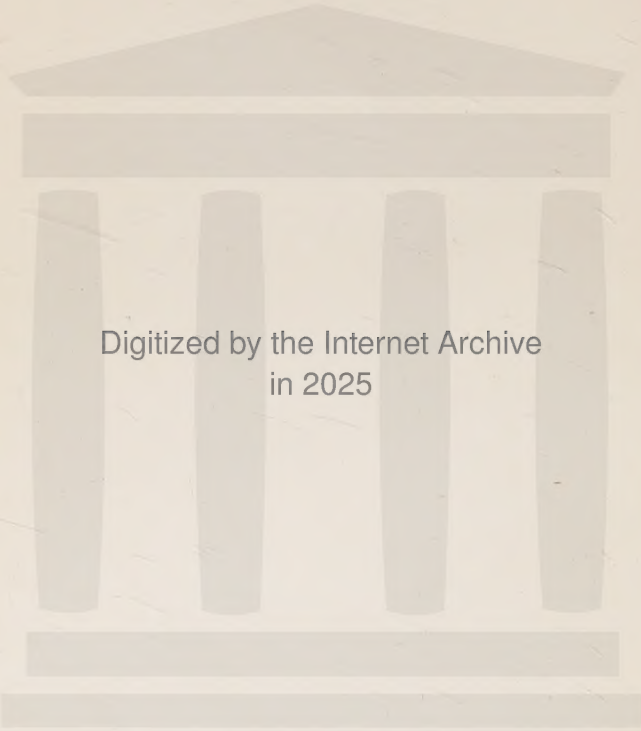
11281

637
125 637
SNE



MIDDLE TEMPLE LIBRARY
WITHDRAWN STOCK

KM 337.11 SNE



Digitized by the Internet Archive
in 2025



INCOME TAX
AND SUPER-TAX
PRACTICE

FROM THE SAME PUBLISHERS

INCOME TAX, SUPER-TAX, AND INHABITED HOUSE DUTY LAW AND CASES. With an analysis of the Schedules, Guide to Income Tax Law, and Notes on Land Tax. A Practical Exposition of the Law for the use of Income Tax officials, Solicitors, Accountants, etc. By W. E. SNELLING, *of the Inland Revenue Department*. New, revised, and enlarged edition, fully brought up to date in accordance with the provisions of the Finance Act, 1914. In demy 8vo, cloth gilt, about 420 pp., 10s. 6d. net.

INCOME TAX ACCOUNTS AND HOW TO PREPARE THEM. New edition revised, to include the Finance Act, 1914. In crown 8vo, cloth, 132 pp., 2s. 6d. net.

INCOME TAX AND SUPER-TAX PRACTICE

INCLUDING A
DICTIONARY OF INCOME TAX,
SPECIMEN RETURNS, TABLES
OF DUTY, Etc., Etc.

FOR THE USE OF BUSINESS AND PROFESSIONAL
MEN, ACCOUNTANTS, HOUSEHOLDERS, Etc.

BY

W. E. SNELLING

OF THE INLAND REVENUE DEPARTMENT
AUTHOR OF "INCOME TAX LAW AND CASES"



LONDON

SIR ISAAC PITMAN & SONS, LTD., 1 AMEN CORNER, E.C.
BATH, NEW YORK AND MELBOURNE

PRINTED BY SIR ISAAC PITMAN
& SONS, LTD., LONDON, BATH,
NEW YORK AND MELBOURNE

for cut
30/10/45
Mh

PREFACE

A SATISFACTORY treatise on Income Tax Practice should be exhaustive and yet offer easy reference to the enquirer. It is the function of the reader to judge the present work in these respects, but a word may be allowed as to a third requirement, the need for impartiality. The reader will expect neither congratulations on fortunate escapes nor condolences over hardships. It is the Author's duty merely to apply the substantive and case law to the facts and incidents of current business practice. In most places, and particularly where there is any possibility of controversy, the reader will find the background of law duly stated, and the steps to the decisions arrived at clearly traced.

The Acts themselves and the records of the legal decisions are far too bulky to appear advantageously within the same covers with a treatise on the subject from the practical standpoint. They may be found in *Income Tax Law and Cases*, issued by the same publishers. It is desirable to repeat here what has been stated in regard to that book. *Income Tax Practice* has been written in the light of such experience as the Author has had in the study and administration of the Income Tax laws, but it will be understood that it is not an official publication, neither is it issued under the authority of the Board of Inland Revenue.

CONTENTS

PREFACE	PAGE V
TABLE OF CASES	xi
TABLE OF STATUTES	xix

PART I

CHAPTER I

THE INCOME TAX ACTS	1
-------------------------------	---

CHAPTER II

THE BALANCE OF PROFIT (SCHEDULE D)

The Adjustment of Accounts for Income Tax purposes—Rules (<i>a</i>) to (<i>p</i>) where full accounts are kept; example (1) account and adjustment—Rules (<i>q</i>) to (<i>t</i>) where cash account only is kept; examples (2) and (3) accounts and adjustments—Rules (<i>u</i>) to (<i>z</i>) where no account is kept; example (4)	5
---	---

CHAPTER III

THE AVERAGE SYSTEM (PROFITS—SCHEDULE D)

The Year of Assessment—Statutory Income—The Three Years' Average—Changes in Proprietorship—The Early Years of a Business—Example	16
--	----

CHAPTER IV

EXCEPTIONS TO THE AVERAGE SYSTEM (PROFITS—SCHEDULE D)

The Taxpayer's Option—Adjustment of Assessment where a new Business has been set up—Adjustment of Assessment where a Loss has been incurred—where a Loss has been incurred in the Early Years of a Business (Double Adjustment)—Adjustment of Assessment where a Business has been Discontinued—Adjustment of Assessment in case of a Specific Cause of Loss	20
--	----

CHAPTER V

ALLOWANCES DUE AND AMOUNT PAYABLE

(PROFITS—SCHEDULE D)

	PAGE
Allowances Due—Statement of Aggregate Income—Exemption— Abatement—Earned Income Relief—Children's Allowance— Life Insurance Allowance—Examples	35

CHAPTER VI

HOW TO MAKE RETURNS ON FORM 11 (PROFITS—SCHEDULE D)

Form 11—Returns at different Addresses—Page 2 must be completed—What to Include and What Not to Include—Other Spaces for Claims—Life Insurance—Exemption, Abatement, or Earned Income Relief—Children—Firms' Returns—Employees—By Whom Returns should be Completed	41
--	----

CHAPTER VII

SPECIMEN RETURNS AND ASSESSMENTS (PROFITS—SCHEDULE D)

Specimen No. 1, Return of a Single Trader—Nos. 2, 3, and 4, Returns of a Firm and Partners neither of whom Claim Abatement or a Lower Rate—Nos. 5, 6 and 7, Returns of a Firm and Partners, one of whom Claims Relief; the Firm pays no Interest, etc.—Nos. 8, 9, 10 and 11, Returns of a Firm and Partners, two of whom Claim Relief; the Firm Pays Interest, etc., and has Taxed Income—No. 12, Return of a Company.	48
--	----

CHAPTER VIII

ASSESSMENTS ON PROPERTY (HOUSES AND LANDS)

Rules of Assessment—Examples—General Notes	58
--	----

CHAPTER IX

REPAYMENT CLAIMS

Time Limit—The Production of Receipts, Vouchers, Certificates, etc.—Vouchers Not in the Claimant's Name—By Whom a Claim should be Made—Exemption—Abatement—Earned Income Relief—Life Insurance—Children—Repairs, Maintenance, etc., of Cottages and Lands—Bank Interest—Loss, etc.—Foreign and Colonial Residents	66
---	----

CHAPTER X

SUPER-TAX

Liability—Returns—Procedure—Rules for Specific Sources of Income—Specimen Return	81
--	----

CONTENTS

ix

PART II

	PAGE
DICTIONARY OF INCOME TAX PRACTICE	87

PART III

GUIDE TO INCOME TAX PRACTICE	395
--------------------------------------	-----

PART IV

TABLES OF RATES	401
INDEX	421

TABLE OF CASES

ABBREVIATIONS

A.C. Law Reports, Appeal Cases.	L.T. ...."Law Times" Reports.
Ch.D. Law Reports, Chancery Division.	Q.B.D. Law Reports, Queen's Bench Division.
Ex. Exchequer Reports.	R. Rettie.
Ex. D. Law Reports, Exchequer Division.	S.C. Sessions Cases, Scotland.
F. Fraser.	S.L.R. ...."Scottish Law Reporter."
H. & N. ...Hurlstone & Norman.	T.C. Official Reports of Tax Cases.
I.R. Irish Reports .	T.L.R. ...."Times" Law Reports.
J.P. Justice of the Peace.	W.R. ...."Weekly Reporter."
L.J.K.B. or L.J.Q.B. "Law Journal" Reports, King's (or Queen's) Bench Division.	
Aberdeen Commissioners of Supply <i>v.</i> Russell, (1890), 2 T. C. 643; 27 S. L. R. 759, <i>p.</i> 148	Ashton Gas Co. <i>v.</i> Attorney-General, (1905), A. C., 10; 75 L. J. Ch., 1; 93 L. T., 676; <i>pp.</i> 176, 242
Adam <i>v.</i> Maughan, (1889), 2 T. C. 541; 27 S. L. R. 64, <i>p.</i> 150	Assets Co., Ltd. <i>v.</i> Forbes, (1897), 24 S. L. R., 486; 3 T. C. 542; <i>pp.</i> 384, 385
Addie & Sons, <i>In re</i> , (1875), 1, T. C. 1; 12 S. L. R. 274, <i>p.</i> 288	Attorney-General <i>v.</i> Black, (1871), 1 T. C., 52; 6 Ex., 308, <i>p.</i> 149
Agnew <i>v.</i> Ferguson, (1903), 40 S. L. R. 636; <i>p.</i> 297	Attorney-General <i>v.</i> Borrodaile, (1814), 1 Price, 148, <i>p.</i> 168
Aikin <i>v.</i> MacDonald's Trustees, (1894), 3 T. C. 306, <i>p.</i> 212	Attorney-General <i>v.</i> Lancashire and Yorkshire Railway, (1864), 10 L. T., 95; 33 L. J. Ex., 163, <i>pp.</i> 180, 183, 350
Alexandria Water Co. <i>v.</i> Musgrave, (1883), 1 T. C., 521; 11 Q. B. D., 174; 52 L. J. Q. B., 349; 49, L. T., 287; 32, W. R., 146, <i>pp.</i> 156, 217	Attorney-General <i>v.</i> London County Council, (1900), 4 T. C., 265; 2 Q. B., (1899), 226; 1 Q. B., (1900), 192; A. C., (1901), 26; 70 L. J. Q. B., 77; 83 L. T., 605; 49 W. R., 686, <i>pp.</i> 150, 252
Alianza Co. <i>v.</i> Bell, (1906), 5 T. C. 60 and 172; A. C. 18; 22 T. L. R., 94, <i>pp.</i> 186, 188	Attorney-General <i>v.</i> London County Council, (1907), 5 T. C., 242; A. C., 131; 76 L. J. K. B., 454; 96 L. T., 481; 23 T. L. R., 390, <i>pp.</i> 150, 252
Allan <i>v.</i> Hamilton Waterworks Commissioners, (1887), 2 T. C., 194; 24 S. L. R., 360, <i>p.</i> 149	Attorney-General <i>v.</i> Scott, (1873), 1 T. C., 55; 28 L. T. (N. S.), 303, <i>pp.</i> 149, 192
Anglo-Continental Guano Works <i>v.</i> Bell, (1894), 3 T. C., 239; 70 L. T., 670, <i>p.</i> 250	Attorney-General <i>v.</i> Till, (1909), 5 T. C., 440; A. C., (1910), 50, <i>p.</i> 303
Arizona Copper Co. <i>v.</i> Smiles, (1891), 3 T. C., 149; 29 S. L. R., 134, <i>p.</i> 125	
Armitage <i>v.</i> Moore, (1900), 4 T. C., 199; 2 Q. B., 363; 69 L. J. Q. B., 614; 82 L. T., 618, <i>pp.</i> 152, 177	

- Bain *v.* Free Church of Scotland, (1897), 3 T. C., 537; 34 S. L. R., 351, *p.* 317
- Beadel *v.* Pitt, (1865), 11 L. T., 592; *p.* 160
- Bebb *v.* Bunny, (1854), 1 Jurist Reports, 203; *p.* 99
- Bell *v.* Gribble, (1903), 4 T. C., 522; 1 K. B., 517; 72 L. J. K. B., 242; 88 L. T., 186; 51 W. R., 457; *p.* 370
- Bell *v.* National Provincial Bank of England, Ltd., (1904), 5 T. C., 1; 1 K. B., 149; 73 L. J. K. B., 142; 90 L. T., 2; 52 W. R., 406, *pp.* 121, 367
- Berry *v.* Farrow and Searcy, (1913), 30 T. L. R., 129; (1914) 1 K. B., 632, *p.* 108
- Birmingham, *In re* Corporation of, (1875), 1 T. C., 26, *pp.* 149, 192
- Blake *v.* Imperial Brazilian Railway, (1884), 2 T. C., 58; 1 T. L. R., 68, *p.* 358
- Blake *v.* Mayor of London, (1886), 2 T. C., 209; 18 Q. B. D., 437; 19 Q. B. D., 79; 56 L. J. Q. B., 424; *p.* 317
- Blakiston *v.* Cooper, (1906), 5 T. C., 347; 1909, A. C., 104, *p.* 135
- Bonner *v.* Basset Mines, Ltd., (1913), 6 T. C., 146; 108 L. T., 764, *p.* 289
- Boschoek Proprietary Co., Ltd. *v.* Fuke, (1906), 1 Ch. 148; 94 L. T., 398; 75 L. J. Ch., 261, *p.* 173
- Bowers *v.* Harding, (1891), 3 T. C., 22; 1 Q. B., 560; 60 L. J. Q. B., 474; 64 L. T., 201; 39 W. R., 558, *pp.* 190, 351, 356
- Bowles *v.* Bank of England, (1913), 6 T. C., 136; 1 Ch., 57; 82 L. J. Ch., 124; 108 L. T., 95; 29 T. L. R., 42, *p.* 160
- Bray *v.* Brothers, (1897), 3 T. C., 550; 13 T. L. R., 325, *p.* 174
- Brickwood & Co. *v.* Reynolds, (1898), 3 T. C., 600; 1 Q. B., 95; 67 L. J. Q. B., 26, *pp.* 121, 270
- British India Steam Navigation Co. *v.* Leslie, (1900), 4 T. C., 257; 17 T. L. R., 104, *p.* 168
- Brooks *v.* Inland Revenue, (1913), 3 K. B., 398; 82 L. J. K. B., 1086; 109 L. T., 363; 29 T. L. R., 755; (1914), 1 K. B., 579, *p.* 84
- Broughton and Plas Power Coal Co., Lts. *v.* Kirkpatrick, (1884), 2 T. C., 69; 14 Q. B. D., 491; 54 L. J. Q. B., 268; 33 W. R., 278, *p.* 289
- Brown *v.* Watt, (1886), 2 T. C., 143; 23 S. L. R., 403, *p.* 283
- Bruce *v.* Burton, (1901), 4 T. C., 399; 85 L. T., 227, *p.* 233
- Bruce *v.* Usher's Wiltshire Brewery, (1914), W. N., 316; 1 K. B., 357, *pp.* 121, 273
- Burnley Steamship Co. *v.* Aikin, (1894), 3 T. C., 275; 31 S. L. R., 803, *pp.* 167, 357
- Calcutta Jute Mills Co., Ltd. *v.* Nicholson, (1876), 1 T. C., 83; 1 Ex D., 437; 45 L. J. Ex., 821; 35 L. T., 275; 25 W. R., 71; *p.* 338
- Caledonian Railway Co. *v.* Banks, (1880), 1 T. C., 487; 18 S. L. R., 85, *pp.* 167, 168
- Californian Copper Syndicate *v.* Harris, (1904), 5 T. C., 159; 6 F., 894; 41 S. L. R., 691, *pp.* 298, 373, 385
- Calvert *v.* Walker, (1899), 4 T. C., 79; 2 Q. B., 145; 68 L. J. Q. B., 761, *p.* 117
- Campbell *v.* Inland Revenue, (1879), 1 T. C., 234; 17 S. L. R., 23, *pp.* 103, 203
- Carlisle Golf Club *v.* Smith, (1913), 6 T. C., 198; 3 K. B., 75; 82 L. J. K. B., 837; 108 L. T., 785, *p.* 230
- Cawse *v.* Lunatic Hospital, Nottingham, (1891), 3 T. C., 39; 1 Q. B., 585; 60 L. J. Q. B., 485; 65 L. T., 155; 39 W. R., 461, *p.* 112
- Chadwick *v.* Pearl Life Insurance Co., (1905), 2 K. B., 507, *p.* 104
- Charlton *v.* Commissioners of Inland Revenue, (1890), 27 S. L. R., 647, *p.* 136
- Charterhouse School *v.* Lamarque, (1890), 2 T. C., 611; 25 Q. B. D., 121; 59 L. J. Q. B., 495; 62 L. T., 907; 38 W. R., 776, *p.* 318
- City of Dublin Steam Packet Co., Ltd. *v.* O'Brien, (1912), 6 T. C., 101, *p.* 359
- Clark (Mary) Home, Trustees of *v.* Anderson, 5 T. C., 48; 2 K. B., 655, *p.* 97
- Clayton *v.* Newcastle-under Lyme Corporation, (1888), 2 T. C., 416, *p.* 163

- Clerical, Medical and General Life Assurance Society *v.* Carter, (1889), 2 T. C., 437; 22 Q. B. D., 444; 58 L. J. Q. B., 224, *pp.* 247, 248, 257
- Colquhoun *v.* Brooks, (1889), 2 T. C., 490; 14 A. C., 493; 59 L. J. Q. B., 53; 59 L. T., 850; 38 W. R., 289, *pp.* 215, 359
- Coltress Iron Co. *v.* Black, (1881), 1 T. C., 287; 6 A. C., 395; 51 L. J. Q. B., 626; 45 L. T., 145; 29 W. R., 717, *pp.* 186, 192, 196, 202, 288
- Commissioners for Special Purposes *v.* Pemsel, (1891), 3 T. C., 53; A. C., 531; 61 L. J. Q. B., 265, *p.* 133
- Commissioners of Inland Revenue *v.* Forrest, (1890), 3 T. C., 177; 14 A. C., 334; 60 L. J. Q. B., 281; 63 L. T., 36; 39 W. R., 33, *p.* 353
- Cook *v.* Knott, (1887), 2 T. C., 246; 4 T. L. R., 164, *p.* 190, 387
- Cooper, *In re*, (1912), 2 K. B., 550; 80 L. J. K. B., 990; 105 L. T., 273, *p.* 100
- Cooper *v.* Cadwalader, (1904), 5 T. C., 101; 12 S. L. R., 449, *pp.* 336, 337
- Corke *v.* Fry, (1895), 3 T. C., 335; 32 S. L. R., 341, *p.* 329
- Crookston Bros. *v.* Furtado, (1910), 5 T. C., 602; 43 S. L. R., 134, *pp.* 96, 220, 222
- Cumming *v.* Bedborough, (1846), 15 Meeson's Reports, 438, *p.* 297
- Cunard Steamship Co. *v.* Coulson, (1899), 4 T. C., 63; 1 Q. B., 865; 68 L. J. Q. B., 554, *pp.* 168, 357
- Curtis *v.* Gould, (1913), 3 K. B., 84; 82 L. J. K. B., 802; 108 L. T., 779; 29 T. L. R., 469, *p.* 275
- Curtis *v.* Old Monkland Conservative Association, (1906), 91 T. C., 189; A. C., 86; 7 F., 119; 75 L. J., 31; 94 L. T., 7; 43 S. L. R., 119, *p.* 138
- “Dalrymple *v.* Dalrymple, (1902), 39 S. L. R., 348, *pp.* 97, 160
- Dargavil Coal Co., Ltd. *v.* Francis, (1913), *p.* 235
- Davies *v.* Craven, (1907), 2 Ch., 448; W. N., 187, *p.* 100
- De Beers Consolidated Mines, Ltd. *v.* Howe, (1906), 5 T. C., 198; A. C., 455; 75 L. J. K. B., 858; 95 L. T., 221, *p.* 337
- Delage *v.* Nugget Polish Co., Ltd., (1905), 92 L. T., 682; 21 T. L. R., 454, *pp.* 102, 217
- Denver Hotel Co., Ltd. *v.* Andrews, (1895), 3 T. C., 356; 11 T. L. R., 238; 43 W. R., 339, *p.* 338
- De Peyer *v.* The King, (1909), 100 L. T., 256, *p.* 114
- Dillon *v.* Corporation of Haverfordwest, (1891), 3 T. C., 31; 1 Q. B., 575; 60 L. J. Q. B., 477; 64 L. T., 202; 39 W. R., 478, *pp.* 148, 227
- Drummond *v.* Collins, (1914), 3 K. B., 583; 109 L. T., 631, *p.* 212
- Dublin Corporation *v.* McAdam, (1887), 2 T. C., 387; L. R. Ireland, 20 Ex. D., 497, *p.* 149
- Edinburgh Life Assurance Co. *v.* Lord Advocate, (1910), 5 T. C., 472; A. C., 143; (1909), W. N., 257, *p.* 252
- Edinburgh Southern Cemetery Co. *v.* Kinmont, (1889), 2 T. C., 516; 17 R., 154; 27 S. L. R., 71, *pp.* 93, 129
- Egyptian Hotels, Ltd. *v.* Mitchell, (1914), 6 T. C., 152; 108 L. T., 558; 29 T. L. R., 109, *p.* 338
- Equitable Life Assurance Society of United States *v.* Bishop, (1900), 4 T. C., 147; 1 Q. B., 177; 69 L. J. Q. B., 252; 81 L. T., 693; 48 W. R., 341, *pp.* 247, 381
- English Crown Spelter Co., Ltd. *v.* Baker, (1908), 5 T. C., 327; 99 L. T., 353, *p.* 279
- Erichsen *v.* Last, (1881), 1 T. C., 351; 4 T. C., 422; 8 Q. B. D., 414; 51 L. J. Q. B., 86; 45 L. T., 703; 30 W. R., 301, *p.* 222
- Farmer *v.* Scottish North American Trust, Ltd., (1909), 5 T. C., 502; A. C. 118; 105 L. T., 833; 28 T. L. R., 142, *pp.* 115, 126, 251
- Farrell *v.* Sunderland Steamship Co., Ltd., (1903), 4 T. C., 605; 88 L. T., 741, *pp.* 300, 358
- Ferguson (Alexander) & Co., Ltd. *v.* Aikin, (1898), 4 T. C., 36, *p.* 367
- Forbes *v.* Scottish Provident Institution, (1895), 3 T. C., 443; 23 R., 322; 33 S. L. R., 228, *p.* 210

- Furtado v. Cardonald Feuing Co., Ltd.*, (1906), 44 S. L. R., 66, *p.* 315
- Galashiels Provident Building Society v. Newlands*, (1893), W. N., 107, *p.* 297
- Gaunt v. Inland Revenue*, (1913), 3 K. B., 395; 82 L. J. K. B., 1, 131; 109 L. T., 555, *p.* 84
- General Hydraulic Power Co., Ltd. v. Hancock*, (1913), *p.* 125
- Gifford, Fox & Co. v. Overseers of Chard*, (1886), 63 L. T., 249; *p.* 183
- Gilbertson v. Fergusson*, (1881), 1 T. C., 501; 7 Q. B. D., 562; 46 L. T., 10, *p.* 208
- Gillatt and Watts v. Colquhoun*, (1884), 2 T. C., 76; 33 W. R., 258, *pp.* 94, 124, 186, 189, 309
- Glasgow Corporation Gas Commissioners, In re*, (1876), 1 T. C., 122, *pp.* 148, 227
- Glasgow Corporation Water Commissioners, In re*, (1875), 1 T. C., 28; 2 T. C., 131; 12 S. L. R., 466, *p.* 149
- Gleadon v. Leatham*, (1883), 48 L. T., 264; 52 L. J. Ch., 102, *p.* 160
- Goslings and Sharpe v. Blake*, (1889), 2 T. C., 450; 23 Q. B. D., 324; 58 L. J. Q. B., 446; 37 W. R., 774, *p.* 99
- Grainger & Son v. Gough*, (1896), 3 T. C., 311 and 462; A. C., 325; 65 L. J. Q. B., 410; 74 L. T., 435; 44 W. R., 561, *pp.* 96, 218, 221, 222, 223
- Granite Supply Association v. Kitton*, (1905), 5 T. C., 168; 43 S. L. R., 65; 8 F. 55, *pp.* 191, 197, 283, 325
- Gresham Life Assurance Society v. Bishop*, (1902), 4 T. C., 464; A. C., 287; 71 L. J. K. B., 618; 86 L. T., 693; 50 W. R., 593, *p.* 211
- Gresham Life Assurance Society v. Styles*, (1892), 2 T. C., 633; 3 T. C., 185; A. C., 309; 62 L. J. Q. B., 41; 67 L. T., 479; 41 W. R., 270, *p.* 247
- Grimes v. Lethem*, (1898), 3 T. C., 622, *p.* 283
- Grove v. Elliots and Parkinson*, (1896), 3 T. C., 481, *p.* 338
- Guest, Keen and Nettlefolds, Ltd. v. Fowler*, (1910), 5 T. C., 511; 1 K. B., 713; 79 L. J. K. B., 563; 26 T. L. R., 337, *p.* 378
- Hancock v. Gillard*, (1907), 1 K. B., 47; 76 L. J. K. B., 20; 95 L. T., 680, *p.* 269
- Harris v. Corporation of Irvine*, (1900), 4 T. C., 221; 37 S. L. R., 799, *pp.* 149, 359
- Herbert v. McQuade*, (1902), 4 T. C., 489; 2 K. B., 631; 71 L. J. K. B., 884; 87 L. T., 349, *p.* 136
- Hesketh v. Bray*, (1888), 2 T. C., 380; 21 Q. B. D., 444; 57 L. J. Q. B., 633; 37 W. R., 22, *p.* 180
- Highland Railway Co. v. Balderston*, (1889), 2 T. C., 485; 26 S. L. R., 657, *p.* 242
- Hill v. Gregory*, (1912), 6 T. C., 39; 2 K. B., 61; 81 L. J. K. B., 730; 106 L. T., 603, *p.* 289
- Holborn Viaduct Land Co., Ltd. v. Regina*, (1887), 2 T. C., 228, *p.* 233
- Hudson v. Gribble*, (1903), 4 T. C., 522; 1 K. B., 517; 72 L. J. K. B., 242; 88 L. T., 186, *p.* 370
- Hudson Bay Co., Ltd. v. Stevens*, (1909), 5 T. C., 424; 25 T. L. R., 709, *pp.* 383, 385
- Hunter v. Attorney-General*, (1904), 5 T. C., 13; A. C., 161; 73 L. J. K. B., 381; 90 L. T., 325, *p.* 275
- Inland Revenue v. Farie*, (1878), 16 S. L. R., 189; *p.* 361
- Jardine v. Gillespie*, (1906), 5 T. C., 263; 44 S. L. R., 136; 14 T. L. R., 556, *p.* 136
- Jones v. The Cwmorthin Slate Co.*, (1879), 1 T. C., 267; 5 Ex. D., 93; 49 L. J., Ex., 210; 41 L. T., 575; 28 W. R., 237, *p.* 318
- King v. Brixton Income Tax Commissioners*, (1913), 29 T. L. R., 712; 6 T. C., 195, *p.* 106
- King v. Kensington Income Tax Commissioners*, (1913), 3 K. B., 870, *p.* 109
- King v. Special Commissioners (ex parte University College of N. Wales)*, (1909), 5 T. C., 408; 24 T. L. R., 491; 100 L. T., 585, *p.* 133

- Kodak Ltd. *v.* Clark, (1903), 4 T. C., 549; 1 K. B., 505; 72 L. J. K. B., 369; 88 L. T., 155; 51 W. R., 459, *p.* 339
- Laing *v.* Overseers of Bishopswearmouth, (1878), 3 Q. B. D., 299; 37 L. T., 781, *p.* 103
- Lamb *v.* Brewster, (1879), 4 Q. B. D., 607; 40 L. T., 537, *p.* 160
- Langston *v.* Glasson, (1891), 3 T. C., 46; 1 Q. B., 567; 60 L. J. Q. B., 356; 65 L. T., 159; 39 W. R., 476, *pp.* 141, 296
- Lanston Monotype Corporation *v.* Anderson, (1911), 2 K. B., 1,019, *p.* 301
- Last *v.* London Assurance Corporation, (1885), 2 T. C., 100; 10 A. C., 438; 55 L. J. Q. B., 92; 53 L. T., 634; 34 W. R., 233, *pp.* 246, 247, 296
- Leeds Permanent Benefit Building Society *b.* Mallandaine, (1897), 3 T. C., 577; 2 Q. B., 402; 76 L. T., 650; 66 L. J. Q. B., 813, *pp.* 99, 123, 156, 249
- Leith, Hull and Hamburg Steam Packet Co. *v.* Bain, (1897), 3 T. C., 560, *p.* 168
- Leith, Hull and Hamburg Steam Packet Co. *v.* Musgrave, (1899), 4 T. C., 80; 36 S. L. R., 745; 1 F., 1117, *pp.* 169, 357
- Linen and Woollen Drapers' Institution *v.* Inland Revenue, (1887), 2 T. C., 651; 58 L. T. 949, *p.* 133
- Liverpool and London and Globe Insurance Co., Ltd. *v.* Bennett, (1913), A. C., 610; 82 L. J. K. B., 1221; 109 L. T., 483; 29 T. L. R., 757, *pp.* 211, 247
- Lloyd *v.* Sulley, (1884), 2 T. C., 37; 21 S. L. R., 482; 11 R., 687, *pp.* 336, 337
- Lochelly Iron Co., Ltd. *v.* Crawford, (1913), 6 T. C., 267, *p.* 378
- London Bank of Mexico *v.* Apthorpe, (1891), 3 T. C., 143; 2 Q. B., 378; 60 L. J. Q. B., 653; 39 W. R., 564, *p.* 338
- London County Council *v.* Edwards, (1909), 5 T. C., 383; 25 T. L. R., 319, *p.* 167
- Lord Advocate *v.* Gibb, (1906), 5 T. C., 194; 43 S. L. R., 674, *p.* 96
- Lord Advocate *v.* Magistrates of Edinburgh, (1905), 42 S. L. R., 691, *p.* 159
- Lothian *v.* Macrae, (1884), 2 T. C., 65; 22 S. L. R., 219; 12 R., 336, *pp.* 136, 365
- Lovat *v.* Leeds, (1862), 31 L. J. Ch., 503; 6 L. T., 307, *p.* 160
- Macpherson *v.* Moore, (1912), 6 T. C., 107; 49 S. L. R., 979, *p.* 222
- Manchester, Lord Mayor, &c., of *v.* James Sugden, (1903), 4 T. C., 595; 2 K. B., 171; 72 L. J. K. B., 746; 88 L. T., 679; 51 W. R., 627, *p.* 235
- Manchester, (Mayor of) *v.* McAdam, (1896), 3 T. C., 325 and 491; A. C., 500; 65 L. J. Q. B., 672; 75 L. T., 229, *pp.* 263, 278
- McDougall *v.* Sutherland, (1894), 3 T. C., 261; 31 S. L. R., 630, *p.* 329
- Middlesbrough, Redcar, &c., Building Society, *In re; ex parte* Wythes, (1905), 53 L. T., 492, *p.* 296
- Middleton, *In re*, (1876), 1 T. C., 109; 13 S. L. R., 378, *pp.* 345, 376
- Miller *v.* Glasgow Corporation Water Commissioners, (1886), 2 T. C., 131; 23 S. L. R., 285, *p.* 149
- Moore *v.* Stewarts & Lloyds, (1906), 43 S. L. R., 811, *p.* 144
- Morant *v.* Wheal Grenville Mining Co., (1894), 3 T. C., 298; 71 L. T., (N. S.), 758, *p.* 288
- Mostyn (Lord) *v.* London, (1895), 3 T. C., 294; 1 Q. B., 170, *p.* 197
- Mullingar Rural District Council *v.* Rowles, (1912), 6 T. C. 85; 2 I. R., 44, *p.* 149
- Musgrave *v.* Magistrates and Town Council of Dundee, (1897), 3 T. C., 552; 34 S. L. R., 702, *p.* 263
- Mylam *v.* Market Harborough Advertiser Co., Ltd., (1905), 5 T. C., 95; 1 K. B., 708; 74 L. J. K. B., 205; 92 L. T., 94; 53 W. R., 478; 21 T. L. R., 201, *p.* 91
- National Bank of Wales Ltd., *In re*, (1898), 2 Ch., 629, *p.* 253
- Needham *v.* Bowers, (1888), 2 T. C., 360; 21 Q. B. D., 437; 37 W. R., 125, *p.* 111
- Nizam's State Railway *v.* Wyatt, (1890), 2 T. C., 584; 24 Q. B. D., 548; 59 L. J. Q. B., 430; 62 L. T., 765, *p.* 104

- Norfolk (Duke of) *v.* Lamarque, (1890), 2 T. C., 579; 24 Q. B. D., 485; 59 L. J. Q. B., 119; 62 L. T., 153; 38 W. R., 382, *pp.* 285
- Northern Assurance Co. *v.* Russell, (1889), 2 T. C., 571; 26 S. L. R., 330, *pp.* 257, 383
- Norwich Union Fire Insurance Co. *v.* Magee, (1896), 3 T. C., 457; 73 L. T., 733; 44 W. R., 384, *pp.* 147, 247
- Ogilvie *v.* Kitton, (1908), 5 T. C., 338; 10 F., 1003, *p.* 207
- Paisley Cemetery Co. *v.* Reith, (1898), 4 T. C., 1; 35 S. L. R., 947, *pp.* 129, 152, 188, 230
- Partridge *v.* Mallandaine, (1886), 2 T. C., 179; 18 Q. B. D., 276; 56 L. J. Q. B., 251; 56 L. T., 203; 35 W. R., 276, *p.* 118
- Peninsular and Oriental Steam Navigation Co. *v.* Leslie, (1900), 4 T. C., 177; 79 L. T., 118; 82 L. T., 137, *p.* 169
- Pickles *v.* Foster, (1912), 6 T. C., 131; 1 K. B., 174; 82 L. J. K. B., 121; 108 L. T., 106; 29 T. L. R., 112, *pp.* 92, 173, 174, 183, 350, 352
- Poynting *v.* Faulkner, (1905), 5 T. C., 145; 21 T. L. R., 428 and 560; 93 L. T., 367, *p.* 136
- Pretoria Pietersburg Railway Co. *v.* Elwood, (1908), 98 L. T., 741, *p.* 253
- Quarter Sessions of Glamorgan *v.* Wilson, (1910), 1 K. B., 725, *p.* 148
- Rattray *v.* Sturmey Motors, Ltd., (1913), 1 Ch., 16; 107 L. T., 523, *p.* 297
- Regina *v.* Special Commissioners, (Cape Copper Mining Co., Ltd.), (1888), 2 T. C., 347; 59 L. T., 455; 21 Q. B. D., 313, *pp.* 22, 334
- Regina *v.* Special Commissioners of Income Tax, *In re* G. Fletcher, (1893), 3 T. C., 289, *p.* 94
- Reid's Brewery Co., Ltd. *v.* Male, (1891), 3 T. C., 279; 2 Q. B. D., 1; 60 L. J. Q. B., 340; 64 L. T., 294; 39 W. R., 459, *pp.* 270, 279, 291
- Revell *v.* Directors of Elworthy & Co., Ltd., (1890), 3 T. C., 12, *pp.* 173, 387
- Revell *v.* Edinburgh Life Insurance Company, (1906), 5 T. C., 221, *pp.* 190, 247, 248
- Revell *v.* Scott, (1895), 3 T. C., 403; 32 S. L. R., 585, *pp.* 59, 193, 345
- Rex *v.* Commissioners for Offlow, (1911), 27 T. L. R., 353, *p.* 106
- Rickett *v.* Rickett (*In re* Sharpe), (1906), 1 Ch., 793; 95 L. T., 522, *p.* 297
- Rhymney Iron Co. *v.* Fowler, (1896), 3 T. C., 476; 2 Q. B., 79; 65 L. J. Q. B., 524; 44 W. R., 651, *pp.* 145, 197, 243, 378
- Rogers *v.* Inland Revenue, (1879), 1 T. C., 225; 16 S. L. R., 682; 6 R., 1109, *pp.* 286, 336
- Royal College of Surgeons of England *v.* Commissioners of Inland Revenue, (1899), 4 T. C., 344; 1 Q. B., 871; 68 L. J. Q. B., 613, *p.* 353
- Royal Insurance Co. *v.* Watson, (1897), 3 T. C., 500; A. C., 1; 66 L. J. Q. B., 1; 75 L. T., 334, *pp.* 154, 191, 197
- Russell *v.* Aberdeen Town and County Bank, (1888), 2 T. C., 321; 13 A. C., 418, *p.* 182
- Ryhope Coal Co. *v.* Foyer, (1881), 1 T. C., 343; 7 Q. B. D., 485, *pp.* 172, 288, 367
- St. Andrew's Hospital, Northampton *v.* Shearsmith, (1887), 2 T. C., 219; 19 Q. B. D., 624; 35 W. R., 811, *p.* 237
- Scottish Investment Trust Co. *v.* Forbes, (1893), 3 T. C., 231; 31 S. L. R., 219, *p.* 383
- Scottish Mortgage Co. of New Mexico *v.* McKelvie, (1886), 2 T. C., 165; 24 S. L. R., 87; 14 R., 98, *p.* 210
- Scottish Provident Institution *v.* Allan, (1900), 4 T. C., 369; 3 F., 129; 38 S. L. R., 84, *p.* 212
- Scottish Provident Institution *v.* Allan, (1903), 4 T. C., 409 and 591; 38 S. L. R., 683; (1903), A. C., 129, 88 L. T., 478; 40 S. L. R., 605, *p.* 234
- Scottish Shire Line, Ltd. *v.* Lethem, (1912), 6 T. C., 91; 49 S. L. R., 792, *pp.* 169, 171, 357
- Secretary of State for India *v.* Scoble, (1903), 4 T. C., 478, 618; A. C., 299; 72 L. J. K. B., 617; 89 L. T., 1; 51 W. R., 675, *p.* 104

- Shaw *v.* Kay, (1904), 5 T. C., 74; 12 S. L. R., 495, *p.* 324
- Shrewsbury *v.* Shrewsbury, (1906), 22 T. L. R., 598, *p.* 160
- Shrewsbury, Countess of *v.* Earl of Shrewsbury, (1906), 23 T. L. R., 100, *p.* 297
- Smiles *v.* Australasian Mortgage and Agency Co., Ltd., (1888), 2 T. C., 367; 25 S. L. R., 645, *pp.* 146, 249, 257, 291
- Smith *v.* Daunev, 5 T. C., 25; 24 T. L. R., 444, *p.* 183
- Smith *v.* Lion Brewery Company, Ltd., (1911), 6 T. C., 59; W. N. 39; A. C., 150, *pp.* 121, 146, 271, 273
- Smith *v.* Richmond, (1899), 4 T. C., 431; A. C., 448, *p.* 229
- Smith *v.* Law Guarantee and Trust Society, Ltd., (1904), 91 L. T., 545; 2 Ch., 569; 73 L. J. Ch., 733; 20 T. L. R., 789, *p.* 277
- Smith *v.* Westinghouse Brake Co., (1888), 2 T. C., 357, *p.* 324
- Society of Writers to H. M., Signet *v.* Commissioners of Inland Revenue, (1886), 2 T. C., 257; 74 S. L. R., 77, *p.* 352
- Southwell *v.* Governors of Holloway College, (1895), 3 T. C., 386; 2 Q. B., 487; 64 L. J. Q. B., 791; 44 W. R., 315, *p.* 318
- Southwell *v.* Saville Brothers, Ltd., (1901), 4 T. C., 430; 2 K. B., 349; 70 L. J. K. B., 815; 85 L. T., 167; 49 W. R., 682, *pp.* 121, 270
- Stanley *v.* Gramophone and Type-writer Co., Ltd., (1908), 5 T. C., 358; 2 K. B., 89, *p.* 339
- Stevens *v.* Bishop, (1888), 2 T. C., 249; 20 Q. B. D., 442; 57 L. J. Q. B., 283; 58 L. T., 669; 36 W. R., 421, *p.* 377
- Stevens *v.* Durban-Roodepoort Gold Mines Co., Ltd., (1909), 5 T. C., 402; 25 T. L. R., 316, *pp.* 217, 243
- Stocks *v.* Sulley, (1899), 4 T. C., 98; 36 S. L. R., 902, *pp.* 263, 264
- Strong & Co. *v.* Woodfield, (1906), 5 T. C., 215; A. C., 448, *pp.* 92, 263, 287
- Styles *v.* New York Life Insurance Co., (1889), 2 T. C., 460; 14 A. C., 381; 59 L. J. Q. B., 291; 61 L. T., 201, *pp.* 247, 381
- Sugden *v.* Leeds Corporation, (1913), 108 L. T., 578; 29 T. L. R., 402, *p.* 150
- Sulley *v.* Attorney-General, (1860), 2 T. C., 149; 2 L. T., 439, *p.* 223
- Sulley *v.* Royal College of Surgeons, Edinburgh, (1892), 3 T. C., 173; 29 S. L. R., 620, *p.* 353
- Sun Insurance Office *v.* Clark, (1911), 6 T. C., 59; [1912], A. C., 443; 81 L. J. K. B., 488; 106 L. T., 438; 29 T. L. R., 303, *p.* 247
- Tebrau (Johore) Rubber Syndicate, Ltd. *v.* Farmer, (1910), 5 T. C., 658; 47 S. L. R., 816, *p.* 374
- Tennant *v.* Smith, (1892), 3 T. C., 158; A. C., 150; 61 L. J. P. C., 11; 66 L. T., 327, *pp.* 297, 304, 327, 349
- Texas Land and Mortgage Co. *v.* Holtham, (1894), 3 T. C., 255; 10 T. L. R., 337, *pp.* 122, 127, 156, 309, 388
- Thompson *v.* Western Steamship Co., Ltd., (1907), 44 S. L. R., 715, *p.* 357
- Tischler *v.* Apthorpe, (1885), 2 T. C., 89; 49 J. P., 272; 52 L. T. (N. S.), 814; 33 W. R., 548, *p.* 223
- Trustees of Mary Clark Home *v.* Anderson, (1904), 5 T. C., 48; 2 K. B., 645, *p.* 97
- Turnbull *v.* Foster (1904), 6 T. C., 206, *p.* 337
- Turner *v.* Carlton, (1909), 5 T. C., 395; 1 K. B., 932, *p.* 345
- Turner (Leicester), Ltd. *v.* Rickman, (1898), 4 T. C., 25, *p.* 222
- Tyne Boiler Works Co. *v.* Tynemouth Union, (1886), 18 Q. B. D., 81; 56 L. J., 9; 55 L. T., 825; 35 W. R., 110, *pp.* 102, 183, 203, 264, 284
- Universal Life Assurance Society *v.* Bishop, (1899), 4 T. C., 139; 68 L. J. Q. B., 962; 81 L. T., 422, *p.* 211
- Vallambrosa Rubber Co., Ltd. *v.* Farmer, (1910), 5 T. C., 529; 47 S. L. R., 488, *p.* 306
- Wakefield Rural District Council *v.* Hall, (1912), 6 T. C., 181; 3 K. B., 328; 81 L. J. K. B., 1201; 107 L. T., 138, *p.* 149
- Walker *v.* Reith, (1906), 43 S. L. R., 245, *p.* 91

- Walker & Son *v.* Brisley, (1900);
4 T. C., 254, *p.* 265
- Warren *v.* Warren, (1895), W. N., 72;
72 L. T., 628, *p.* 297
- Watchmakers' Alliance and Ernest
Goodes' Stores, Ltd., *In re*, (1905),
5 T. C., 117, *p.* 277
- Watney & Co. *v.* Musgrave, (1880),
1 T. C., 272; 5 Ex. D., 241; 49
L. J., Ex., 493; 42 L. T., 690; 28
W. R., 491, *pp.* 94, 121, 270, 277
- Watson Brothers *v.* Lothian, (1902),
4 T. C., 441; 32 S. L. R., 604;
4 F., 795, *pp.* 358, 367
- Werle & Co. *v.* Colquhoun, (1888),
2 T. C., 402; 20 Q. B. D., 753; 57
L. J. Q. B., 323; 58 L. T., 756;
36 W. R., 613, *p.* 219
- Wingate (James) & Co. *v.* Webber,
(1897), 3 T. C., 569; 34 S. L. R.,
699, *pp.* 338, 358
- Wylie *v.* Eccott, (1912), 6 T. C., 128,
1913, S. C., 16; 50 S. L. R., 26,
p. 226
- Wylie Hill *v.* Commissioners of In-
land Revenue, (1912), S. C., 1246;
49 S. L. R., 960, *p.* 84
- Yorkshire Fire and Life Insurance
Co. *v.* Clayton, (1881), 1 T. C., 336
and 479; 8 Q. B. D., 421; 51
L. J. Q. B., 82; 45 L. T., 697;
30 W. R., 174, *p.* 204
- Young, *In re*, (1875), 1 T. C., 57;
12 S. L. R., 602; 2 R., 925, *p.*
336
- Ystradylfodwg and Pontypridd Main
Sewerage Board *v.* Bensted,
(1907), 5 T. C., 230; 1 K. B., 90;
A. C., 264; 23 T. L. R., 621, *p.*
356

TABLE OF STATUTES

	PAGE		PAGE
HOUSE TAX ACT, 1808, (48 GEO. 3, C. 55)		S. 106	181, 285
Schedule (B) Rule 2	226	118	94, 120
" " 5	232	125	106, 120, 303
" " 6, 14	261	128	127, 303
HOUSE TAX ACT, 1817, (57 GEO. 3, C. 25)		129	303
S. 2	246	130	107
INCOME TAX ACT, 1842, (5 AND 6 VICT., C. 35)		131	360
—	2	134	107, 155, 361
S. 35	175	146	2, 349, etc.
39 91, 215, 286, 337		159	283
40 144, 148		160	261
41 95, 245, 290		163	101
42 95, 245		166	303
44 96		171	333
45 90, 238		172	139
47, 48 108		173	155
49 360		178	303
50 176, 280		188	109
51 95		INCOME TAX (FOREIGN DIVIDENDS) ACT, 1842, (5 AND 6 VICT., C. 80)	
53 290		S. 2	213
55 302		HOUSE TAX ACT, 1851, (14 AND 15 VICT., C. 36)	
60 2, 341, etc.		S. 3	286
61 97, 133, 137, 237, 278		INCOME TAX ACT, 1853, (16 AND 17 VICT., C. 34)	
62 237		S. 2 3, 347, etc.	
63 2, 344, etc.		10	213
64 320		21, 22	106
66 262		32	377
68 303		35 182, 325, 375	
70 175, 182		36	261
72 377		37	180
78 246		40 99, 101, 161, 231	
80 106, 109		251, 325	
84 205		42	177
86 175, 303		47	106
87 108		48	311
88 2, 97, 133, 213		50	157
95 146		51	190
96 213, 303		53 181, 243, 284, 350	
99 303		54 90, 270	
100 2, 347, etc.		INCOME TAX (INSURANCE) ACT, 1853, (16 AND 17 VICT., C. 91)	
101 119, 125, 178, 237, 283		S. 1	274
102 98, 148, 155, 249, 251, 253, 276		INCOME TAX ACT, 1859, (22 AND 23 VICT., C. 18)	
103 101, 114, 156, 159, 253, 292, 326		S. 6	63
104 101, 156, 232, 253, 292		INCOME TAX ACT, 1860, (23 AND 24 VICT., C., 14)	
105 97, 133, 324			

	PAGE		PAGE
S. 5	290, 320	S. 8	141
6	320	10	302
7	318, 360	23	194
10	275, 333	TRADE UNION (PROVIDENT FUNDS)	
REVENUE ACT, 1863, (26 AND 27		ACT, 1893, (56 AND 57 VICT., c. 2)	
VICT., c. 33)		S. 1, 2	379
S. 22	288	INDUSTRIAL AND PROVIDENT SOCIE-	
REVENUE (NO. 1) ACT, 1864, (27 AND		TIES ACT, 1893, (56 AND 57 VICT.,	
28 VICT., c. 18)		c. 39)	
S. 15	325	S. 24	243
REVENUE ACT, 1866, (29 AND 30		FINANCE ACT, 1894, (57 AND 58 VICT.,	
VICT., c. 36)		c. 30)	
S. 8	122, 127, 176, 177, 186,	S. 34	184
192, 196, 229, 287, 288,		35	319, 330
289, 318, 320, 340, 391		FINANCE ACT, 1896, (59 AND 60	
VALUATION (METROPOLIS) ACT. 1869,		VICT., c. 28)	
(32 AND 33 VICT., c. 67)		S. 26	193
—	102, 280	27	193, 194
CUSTOMS AND INLAND REVENUE ACT,		28	105
1878, (41 AND 42 VICT., c. 15)		31, 32, 33	259
S. 12	3, 165	FINANCE ACT, 1897, (60 AND 61	
13	264	VICT., c. 24)	
TAXES MANAGEMENT ACT, 1880 (43		S. 5	90, 240
AND 44 VICT., c. 19)		FINANCE ACT, 1898, (61 AND 62	
—	3	VICT., c. 10)	
S. 10	233	—	4
16	109	S. 8	89
21	304	10	261
42	111	12	260
52	109	REVENUE ACT, 1903, (3 EDW. 7,	
57	106	c. 46)	
59	107, 233	S. 13	92
62	260	FINANCE ACT, 1904, (4 EDW. 7, c. 7)	
73 to 77	141	S. 8	225
88 to 91	140	REVENUE ACT, 1906, (6 EDW. 7,	
95	320	c. 20)	
98, 99	139	S. 11	274
111	304	FINANCE ACT, 1907, (7 EDW. 7, c. 13)	
CUSTOMS AND INLAND REVENUE		S. 19	91, 101, 137, 146, 178
ACT, 1885, (48 AND 49 VICT., c. 51)		179, 304	
S. 26	117, 213	20	198
CUSTOMS AND INLAND REVENUE ACT,		21, 22	302, 355
1887, (50 AND 51 VICT., c. 15)		23	4, 155, 304
S. 18	193	24	21, 29, 30, 107, 293
CUSTOMS AND INLAND REVENUE ACT,		25	300
1888, (51 AND 52 VICT., c. 8)		26	165, 241
S. 24	101, 125, 150, 155, 161,	30	4, 197
251, 253		FINANCE ACT, 1908, (8 EDW. 7, c. 16)	
CUSTOMS AND INLAND REVENUE ACT,		S. 8	111
1890, (53 AND 54 VICT., c. 8)		FINANCE (1909-10) ACT, 1910, (10	
—	3	EDW. 7, c. 8)	
S. 23	23, 29, 107, 194, 282, 303	S. 69	90, 134, 319, 330, 332
24	98, 155	70	225
26	119	71	215, 217, 290, 294
INLAND REVENUE REGULATION ACT,		9	303
1890, (53 AND 54 VICT., c. 21)		REVENUE ACT, 1911 (1 GEO. 5, c. 2)	

TABLE OF STATUTES

xxi

	PAGE		PAGE
S. 12, 13	294	S. 2	322
14	160	3	84
PERJURY ACT, 1911, (1 AND 2 GEO. 5,		4	322
C. 6)		5	212
—	5, 303	6	389
PROVISIONAL COLLECTION OF TAXES		7	134
ACT, 1913, (3 GEO. 5, C. 7)		8	333
—	4, 160	9	82, 238
FINANCE ACT, 1914, (4 AND 5 GEO. 5,		10	214
C.)		11	294
—	4		



INCOME TAX PRACTICE

PART I

CHAPTER I

THE INCOME TAX ACTS

THE succeeding chapters provide a guide to Income Tax practice. The great questions regarding this branch of the law to which the business man, and even the accountant who acts for him, require answers are—(1) What profits have been made, estimated according to the Income Tax Acts? (2) How should such profits be averaged? (3) What allowances may be claimed and what tax is due? (4) How should the return form be completed? These questions are answered in Chapters II, III, V, and VI respectively. Chapter IV deals with the circumstances in which the taxpayer may set aside the average system and Chapter VII contains twelve specimen returns. The remaining chapters set forth the practice in relation to assessments on property, to repayment claims, and to super-tax returns and assessments.

So far as these things are concerned the information given may claim to be complete. But there are numerous other matters concerning which guidance is necessary, and the present book is written in the belief that what there is to be said upon such matters may best be presented in the form of a dictionary. If the taxpayer has a difficulty concerning *Sinking Funds*, or *Sleeping Partners*, or *Subscriptions*, for example, he should be able to find the exact rules on the subject by immediate reference to these headings. He should not, in a book on the *practice* of income tax, be required to search through a series of chapters headed by such legal titles as "Schedule D, Cases I and II," etc.; and if he were to make this search the legal form could at the best set forth a judge's case,

the analogy between which and his own affairs might baffle all but an expert. But there is another class of enquirer, the student, who has some need of the legal form, and it is to him that the remainder of this chapter is addressed.

The first of the existing Income Tax Acts is the *Income Tax Act, 1842*. This Act contains directions for the appointment of unpaid local commissioners whose duty it is to make assessments and to determine appeals (see p. 143). Assessors and collectors are also arranged for, the former to serve forms, to receive returns, and to use their local knowledge in criticism or approval of the amount returned, the latter to collect the tax and pay it into the Revenue. It is directed that the Crown should be represented by a central authority, composed of salaried civil servants and now described as the Board of Inland Revenue. The Treasury appoint inspectors and surveyors of taxes (civil servants paid by fixed salaries) who have power to inspect all returns and to object to or demand the increase of any assessment, subject to the final determination of the local commissioners. Special commissioners are also appointed (these too being salaried civil servants) who act in relation to the deduction of tax from government dividends, etc., with reference to assessments on profits where the taxpayer so elects and in sundry other matters (including super-tax since 1909).

The Act of 1842 proceeds to divide income into five classes according to its source. These classes fall into Schedules described under the letters A, B, C, D, and E. They extend (1) to all property situated and profits arising in this country by whomsoever owned, and (2) to all foreign and colonial property and profits so far as the income therefrom is brought to this country; for years subsequent to 1913-14 it is not necessary that such income should be brought to this country in order to be taxable. (See page 205 as to foreign income, foreign residence, etc.; also page 335 for an important article under *Residence*. Other fundamental questions of liability are discussed under *Profits*, page 311; and *Trading*, page 380). *Schedule A* (section 60, etc.) includes income arising from the ownership of land and property in the United Kingdom, *Schedule B* (section 63, etc.), income arising from the occupation of such land, *Schedule C* (section 88, etc.), annuities and dividends paid out of public revenue, *Schedule D* (section 100,

etc.), interest, profits of trades, professions, and employments, and all profits not included in any other schedule, *Schedule E* (section 146, etc.), the employees of companies, societies, public bodies, the Crown, etc. The basis of assessment under the general rule of *Schedule A* is the annual value of the property concerned; under *Schedule B* the basis is one-third of the annual value. *Schedule D* is by far the most important. It is divided into six "cases":—Case I refers to trades, manufactures, etc., Case II to professions, employments, and vocations, Case III to interest and profits of uncertain annual value, Case IV to foreign securities, Case V to foreign possessions, and Case VI to any other profits. Each case is followed by rules of assessment and by directions as to the admissibility or otherwise of certain expenses. Fuller information respecting the five schedules will be found on page 341 and onwards. The requirements concerning returns, the method of making assessments, the rules governing appeals, and the law regarding the collection of tax will be found on pages 339, 108, 105, and 139 respectively. The system under which much income is charged at source and is received by the owner after the deduction of duty, is explained on page 158.

The next important Act is the *Income Tax Act*, 1853. This Act extends the duties to Ireland, provides for allowances in respect of life assurance premiums (see page 273), and revises the statement indicating the scope of each of the five schedules. The rules of assessment contained in the Act of 1842 remain in force, but a few new rules are added.

The Customs and Inland Revenue Act, 1878 (section 12) provides for a deduction from assessments in respect of the diminished value of machinery and plant by reason of wear and tear (see page 165).

The Taxes Management Act, 1880, recasts and codifies the enactments relating to the appointment of officers and the rules of assessment and collection, etc. It also gives the right of appeal to the High Court on a point of law (see page 233).

Many acts of less individual importance follow. The chief are the *Finance Act*, 1894, which fixes the exemption limit at £160 (see page 184), and provides for allowances in respect of repairs to property (see page 329); the *Customs and Inland Revenue Act*, 1890, which provides for repayment to be made when a loss is

incurred (see page 282), and the *Finance Act*, 1898, which lays down the present scales of abatement (see page 89).

The *Finance Act*, 1907, differentiates between unearned and certain earned income (see page 178), extends the time limit for additional assessments to three years after the financial year concerned (section 23), provides for the adjustment of assessments on new concerns and on concerns discontinued (see pages 20 and 30), repeals section 133 of the Act of 1842 under which assessments might be reduced when the actual profits fell short of the average profits (section 30), and revises the law with respect to patent royalties (see page 300), allowances for wear and tear (see page 165), and the rent of the house occupied by ministers and clergymen (see page 135).

The *Finance (1909-10) Act*, 1910, imposes the additional duty on large incomes known as super-tax (see page 81), elaborates the system of differentiation between earned and unearned income (see page 178), grants relief in respect of children under sixteen (see page 134), revises in some particulars the law relating to foreign residence (see page 293), and provides for allowances in respect of the cost of maintenance of land and cottages (see page 330).

The *Provisional Collection of Taxes Act*, 1913, gives temporary legal force to a resolution of the House of Commons imposing income tax for the year (see page 160).

The *Finance Act*, 1914, is mainly remarkable for an extensive variation of the rates of charge (see page 320). It also provides for the assessment of certain foreign income remaining abroad (see page 212).

CHAPTER II

THE BALANCE OF PROFIT (SCHEDULE D)

The Adjustment of Accounts for Income Tax Purposes—Rules (a) to (p) where full accounts are kept ; example (1) account and adjustment—Rules (q) to (t) where cash account only is kept ; examples (2) and (3) accounts and adjustments—Rules (u) to (z) where no account is kept ; example (4).

BUSINESS men vary exceedingly in their methods of book-keeping and in the degree of caution, or otherwise, which they show in estimating the amount of their profits. For Income Tax purposes, however, the standard is fixed by stringent rules. Hence a trader's profits, as shown in his books, will require adjustment in certain respects before the amount is brought into the average to be returned. The matter is not at all difficult when a comprehensive plan is followed. It will be the object of this chapter to lay down such a plan and one, moreover, which can be applied to every case in which accounts are drawn up.

It is always well to take for the basis of calculation the balance of the profit or loss as estimated by the trader for his own purposes. To this profit (it is simplest to regard a loss as a minus quantity of profit) certain items will probably require to be added, and from it other items should possibly be deducted. The object of this adjustment is to disallow any charges which the trader has made but which the Income Tax Acts do not allow, and to make any deductions not made by the trader but which the Acts authorise.

The rules will now be stated and the taxpayer is not likely to have much difficulty if he reads them through before making his return, setting his mind on the affairs of his own business while doing so, and referring to his books when necessary. In cases of doubt on specific items he should consult the dictionary of income tax which forms the second section of this book.

Where Full Accounts are Drawn Up.

Add such of the following items as are applicable—

(a) The cost of additions, extensions and improvements to premises, fixtures or plant (including such items as an additional cart,

a new shop front, a typewriter, etc.) so far as they have been charged against profits.

(b) The amount of any sums written off as depreciation, as additions to reserves (for bad debts, etc., see p. 156), or to a suspense account. (A distinct claim may be made in respect of depreciation of plant and machinery, as explained on page 165.)

(c) Any expenses incurred in setting up the business which have been charged against the profits (*e.g.*, a company's preliminary expenses, goodwill written off, the entrance fee to the Stock Exchange, etc.).

(d) Any expense incurred in obtaining or rearranging capital, so far as it has been charged against profits (*e.g.*, a lawyer's charge for obtaining a loan, interest on a loan other than such bank interest as is described on page 114, the cost of issuing shares or debentures, etc.).

(e) Expenses charged against profits in respect of other capital matters (*e.g.*, the cost of a deed of partnership, the premium or other payment for a lease, etc.).

(f) Drawings by or allowances to the trader himself or to his wife, whether under the name of interest on capital, drawings, salary or wages; also payments to retired or sleeping partners.

(g) Expenses viewed by the Acts as being personal to the trader (*e.g.*, subscriptions (see page 365), charitable donations, income tax, the cost of the trader's maintenance or that of his family or domestic servants, life insurance premiums).

(h) Any charge exceeding that allowed by the Acts in respect of business premises or rent (see page 124), rates (see page 320), lighting (see page 275), where the trader resides on the premises in which the business is carried on.

(i) Expenses not wholly and exclusively laid out for the purposes of trade, such as those indicated under COMPENSATION (see page 144) and INDEMNITY (page 243).

(j) Annual interest, ground rent, annuities, etc., from all of which the trader should deduct tax at the highest rate.

(k) The value of any goods supplied without payment to the trader's family or to another trader in return for goods not used in the business.

(l) Any bad debts written off in previous years but now recovered and added to the bad debts reserve (see page 157).

Deduct such of the following items as are applicable—

(*m*) A due charge for the annual value of the business premises if they are owned by the trader and if no rent has been charged in the accounts. (See under BUSINESS PREMISES, page 124.)

(*n*) Any receipts from sub-tenants, provided that no charge has been made in the accounts in respect of the premises sublet; similarly, rents received from any property owned by the trader. It will be understood that these deductions will be made only if the rents in question are included in the accounts as receipts.

(*o*) Sums charged against reserve or suspense accounts which the trader was entitled to charge against the year's profit (*e.g.*, an ascertained bad debt or other trading loss; see page 157).

(*p*) The actual amount of dividends (taxed before receipt) included in the profits; also any other taxed income included in the profits.

Example (1). Where the Trader has Drawn up a Profit and Loss Account.

A. WORTH & SONS, CORN MERCHANTS.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DEC., 1913.

<i>Dr.</i>			<i>Cr.</i>		
	£			£	
To Interest	20	By Trading A/c (Gross profit)		1,746	
„ Ground Rent	15	„ Dividends (taxed before receipt)		18	
„ Wages	320				
„ Rates	40				
„ Income Tax	57				
„ Repairs to Premises ..	21				
„ Lighting	33				
„ Annuity to Mrs. D. Worth	200				
„ Depreciation of Premises	25				
„ Depreciation of Chaff-cutting Machine ..	10				
„ Interest on Capital—					
A. Worth	45				
B. Worth	15				
C. Worth	10				
„ Salaries to Partners—					
A. Worth	250				
B. Worth	150				
C. Worth	150				
„ Written off Goodwill Account	50				
„ Reserve for Bad Debts ..	30				
„ Balance being Profit ..	323				
TOTAL £	1,764	TOTAL £		1,764	

To explain certain of the adjustments which will be made it should be taken—

(1) That *Interest* £20 is the balance of the interest account ; the only receipt is £15 on loan to J. Francis ; the payments are £10 on bank overdraft, and £25 interest on a mortgage ;

(2) That at the beginning of 1913 the *Bad Debts Reserve* stood at £120, which, during 1913, has been decreased by £43 written off as bad, but increased by £23 debt written off in past years but unexpectedly recovered in 1913, and by the £30 shown in the profit and loss account.

The letter after each item in the following statement refers to the rule under which the particular adjustment is made.

ADJUSTMENT.

Balance being Profit	..	..	..	..	..	£	323
Add—						£	
¹ Interest (j)	..	..	..	..	..	25	
Ground Rent (j)	..	..	..	..	..	15	
Income Tax (g)	..	..	..	..	..	57	
Annuity (j)	..	..	..	..	..	200	
Depreciation of Premises (b)	..	..	..	..	..	25	
² Depreciation of Machine (b)	..	..	..	..	..	10	
Interest on Capital (f), £45, £15, £10	..	..	..	..	..	70	
Salaries to Partners (f), £250, £150, £150	..	..	..	..	..	550	
Written off Goodwill (c)	..	..	..	..	..	50	
Reserve for Bad Debts (b)	..	..	..	..	..	30	
Bad Debt recovered (l)	..	..	..	..	..	23	
³ New Coal-shed (a)	..	..	..	..	..	4	
TOTAL	..	..	..	..	..		1,059
							1,382
Deduct—							
Taxed Dividends (p)						18	
¹ Interest from which Francis deducted tax (p)	..	..	..	..	..	15	
Bad Debt written off from Reserve (o)	..	..	..	..	..	43	
⁴ Schedule A assessment on Premises (m)	..	..	..	..	..	100	
TOTAL	..	..	..	..	..		176
							£1,206

¹ For explanation of these items see the note above and the illustration on page 253.

² An allowance will be made after the assessment is arrived at (see specimen return on page 57 and fuller explanation on page 169).

³ This item does not appear in the Profit and Loss Account. It is presumed to be taken from the Trading Account, and is given here as a reminder that the

£1,206 is the amount which will fall into the average (see page 16) for return and assessment. Specimen returns of the firm and partners will be found in Chapter VII.

The adjustment just made is often drawn up in the form of an account. If this were done the account should follow on the profit and loss account, the balance of £323 being carried to the credit side, the expenses disallowed (totalling £1,059) being added beneath it and the taxed dividends, etc., deducted (totalling £176) being brought to the debit side. A new balance of £1,206 would then appear on the debit side, being the profit for income tax purposes.

Where the Trader has Kept a Cash Account only.

In this case it is assumed that the trader has drawn up no profit and loss account, but that a comprehensive cash account of receipts and expenses has been kept.

When this system is followed certain rules must be observed in making the income tax adjustment *in addition to* those stated on pages 5, 6 and 7.

Add such of the following items as are applicable—

(*q*) Any capital expense charged in the account (*e.g.*, repayment of loan, purchase of new premises, fixtures, etc.).

(*r*) The amount by which the book debts at the end of the year exceed the amount thereof at the end of the previous year ; also any similar increase of stock ; also the amount by which the sums owing by the trader at the end of the year are less than the corresponding amounts at the end of the previous year.

Deduct such of the following items as are applicable—

(*s*) Any receipts of capital amounts (*e.g.*, the proceeds of the sale of any fixtures, etc., repayment of money lent by the trader).

(*t*) The amount by which the book debts at the end of the year are less than the amount thereof at the end of the previous year ;

rules for adjustment apply to all entries which affect the profit, in whatever account they may appear.

⁴ It is assumed that no charge has been made for rent ; also that the premises are owned by the firm and are assessed under Schedule A at £120 gross and £100 nett. The *nett* assessment is deducted here because a charge has been made in the account for repairs (£21). An alternative method would be to add this item (£21) to the profit and deduct £120 instead of £100, but the method adopted must be the same in all years.

also any similar decrease of stock ; also the amount by which the sums owing by the trader at the end of the year exceed the corresponding amounts at the end of the previous year.

Example (2). Cash Account.

T. JONES, MILKMAN

225 ROYAL ROAD, N.W.

SUMMARY OF DAILY ACCOUNTS OF RECEIPTS AND PAYMENTS 1913

<i>Dr.</i>			<i>Cr.</i>
To Gross Takings, Round A	£ 602	By Dairy Bills	£ 1,116
„ do. Round B	583	„ Loan repaid to Dairy Co. ..	20
„ do. Shop ..	405	„ Interest on Loan ..	1
„ Rent received from tenants of 16 and 17 Black Street ..	83	„ Life Insurance premiums ..	6
„ Loan repaid by F. Evans	10	„ Subscriptions	4
„ Rent of Stable sublet ..	15	„ Rent of 225 Royal Road ..	70
		„ Rates on do. ..	18
		„ Lighting do. ..	14
		„ Income Tax	4
		„ Improvements to Shop ..	8
		„ Wages	230
		„ Rates on Black Street ..	13
		„ Repairs to do. ..	7
		„ Balance being Profit ..	187
TOTAL	<u>£1,698</u>	TOTAL	<u>£1,698</u>

As certain relevant matters are not revealed in this summary it may be taken—

(1) That the life insurance premiums are made up of £3 on the life of T. Jones, £2 on the life of his wife, and £1 on the life of his child. In the adjustment all three items will be found to be added back to the profit, but a separate claim in respect of the first two items is shown on the specimen return in Chapter VII ;

(2) That *wages* £230 include £52 paid to the trader's wife ;

(3) That the stock of flour, tea, etc., was £5 less on 31/12/13 than on 31/12/12 ;

(4) That book debts owing to T. Jones were £8 more on 31/12/13 than on 31/12/12 ;

(5) That T. Jones has supplied £15 worth of milk to B. James, butcher, in return for £15 worth of meat for domestic consumption ;

(6) That T. Jones and his family have consumed £24 worth of his stock without making any payment therefor ;

(7) That the rent £70 includes £10 for the stable which T. Jones sublets.

The letter after each item in the following statement refers to the rule under which the particular adjustment is made.

ADJUSTMENT							£
Balance being Profit	..	..	..	..	..	..	187
Add—							£
Loan repaid (<i>q</i>)	..	..	..	..	..	..	20
Interest (<i>7</i>)	..	..	..	..	..	..	1
Life Insurance premiums (<i>g</i>)	..	..	..	..	..	..	6
¹ Subscriptions (<i>g</i>)	..	..	..	..	..	..	2
² Rent of Stable and Proportion of Rates applicable (<i>i</i>)	..	..	..	..	..	..	13
Income Tax (<i>g</i>)	..	..	..	..	..	..	4
Improvements to Shop (<i>a</i>)	..	..	..	..	..	..	8
³ Rates on Black Street (<i>i</i>)	..	..	..	..	..	..	13
³ Repairs to do. (<i>i</i>)	..	..	..	..	..	..	7
Wages to Wife (<i>f</i>)	..	..	..	..	..	..	52
⁴ One-third Rent of 225 Royal Road (<i>h</i>)	..	..	..	..	..	..	20
⁴ One-third Rates do. (<i>h</i>)	..	..	..	..	..	..	5
⁴ One quarter Lighting do. (<i>h</i>)	..	..	..	..	..	..	4
Goods supplied to B. James (<i>k</i>)	..	..	..	..	..	..	15
Domestic Consumption (<i>k</i>)	..	..	..	..	..	..	24
Increase in Book Debts (<i>r</i>)	..	..	..	..	..	..	8
TOTAL	..	..	..	..	..	..	202
							389
Deduct—							
³ Rents from Black Street (<i>n</i>)	..	..	..	..	..	..	83
Loan repaid by F. Evans (<i>s</i>)	..	..	..	..	..	..	10
² Subletting of Stable (<i>n</i>)	..	..	..	..	..	..	15
Decrease in Stock (<i>t</i>)	..	..	..	..	..	..	5
TOTAL	..	..	..	..	..	..	113
							£276

£276 is the amount which will fall into the average (see page 16) for return and assessment. The return made by T. Jones will be found in the third chapter.

¹ It is assumed that of the Subscriptions £4, £2 were of such a nature as to be allowable (see page 365).

² These entries must be taken together ; alternatively they may both be omitted, but the method shown is correct.

³ These adjustments remove from the account absolutely all reference to the Black Street property, which is irrelevant to the trader's liability under Schedule D.

⁴ See under BUSINESS PREMISES, page 124.

Example (3).

This example illustrates the inadequacy of a cash account as the basis of an income tax return, unless regard is paid to the existence of outstanding debts as directed by rules (r) and (t). The case given is an extreme one, being that of a doctor in the first three years of a new practice. The accounts may be taken as correct for income tax purposes except that such debts have been ignored.

C. KEENE, *Physician*.

RECEIPTS AND PAYMENTS ACCOUNT FOR 1911, 1912
Dr. AND 1913 *Cr.*

	1911. 1912. 1913.				1911. 1912. 1913.		
	£	£	£		£	£	£
To Gross Receipts	287	413	478	By Drugs, Bottles, etc.	97	133	155
				„ Proportion of Rent and Rates ..	17	17	17
				„ Proportion of Servants' Wages & Keep ..	70	70	70
				„ Travelling Expenses	41	60	72
				„ Subscriptions and Sundries ..	13	18	22
				Balance being Profit..	49	115	142
	<u>£287</u>	<u>£413</u>	<u>£478</u>		<u>£287</u>	<u>£413</u>	<u>£478</u>

Income tax return (*incorrect*) without regard to outstanding debts—

1911—£49

1912—115

1913—142

3)306

£102 Average profit for assessment
1914/15

To obtain a correct result the amount of the outstanding debts must be considered. They may be taken to be as follows—

Debts outstanding—

1st January, 1911—Nil

1st December, 1911—£87 less £9 irrecoverable = £78

Do. 1912—134 „ 23 „ = 111

Do. 1913—174 „ 36 „ = 138

Debts outstanding at the end of one year but paid in a subsequent year are included in the gross receipts.

Income tax return (*correct*)—

	1911.	1912.	1913.
Profit as per account	£49	£115	£142
Add Increase in outstanding debts during year	78	33	27
	<u>£127</u>	<u>£148</u>	<u>£169</u>

1911—£127 Profit

1912— 148

1913— 169

3)444

£148 for assessment 1914/15

The difference in principle between the incorrect and the correct returns is that the former represents the average receipts, whereas the latter represents the average earnings.

Where no Accounts are Kept.

When this is literally the fact it is of course impossible to make any “adjustment” for income tax purposes. The following is the only method which could give even approximately the amount of the taxable profit. The rules given in the previous pages cease to apply except when they are specifically referred to below.

(u) Examine the bank account. Any increase in the balance (excluding from the reckoning any change due to interest paid or charged¹) counts as a profit; any decrease counts as a loss.

(v) Consider any other variations in the assets. Any money borrowed during the year or property, stocks, etc., sold, or other decreases in capital count as losses; any money lent during the year or property, stocks, etc., bought, or other increases in capital count as profits.

(w) Consider the value of trade stock in hand and the value of debts owing to the trader. Any increases during the year count as profits; any decreases count as losses.

(x) Consider any amounts owing by the trader. Any increases during the year count as losses; any decreases count as profits.

¹ The direction contained within brackets has the object of excluding from consideration all interest paid or received. The reason for this is explained under INTEREST (page 247), but there is an exception in the case of certain bank interest as stated under BANK INTEREST; see page 113.

(y) Estimate the cost of living, including that of the trader and of his family; also all items of expenditure suggested by rules (a) to (l) on pages 5 and 6. As the cost of these has come out of the business but is not allowable for income tax purposes, it will count as profit.

(z) Reckon up the amount of any income from sources other than from the business (from property, stocks, etc.) and of expenses incurred otherwise than necessarily and solely in the carrying on of the business. Any such income counts as a loss; any such expenses count as profits.

Example (4).

A. Smith, tailor, has kept no books, but prepares the following statement according to the preceding rules. The letter after each item in the following statement refers to the rule which concerns that item.

STATEMENT

	As at 31/12/12.	As at 31/12/13.	Profit.	Loss.
Bank Pass Book (u)	In hand £98	In hand £83		£15
Mortgages on Smith's property (v)	£350	£550		200
Consols owned (v)	Nil.	25	25	
Property owned at cost (v) ..	950	1,250	300	
Stock in hand (w)	240	190		50
Trade debts owing to A. Smith (w)	57	61	4	
Trade debts owing by A. Smith (x)	40	50		10
Drawn by A. Smith (y, f)	£208 during 1913		208	
Clothes taken from Stock (y, k)	£14	do.	14	
Proportion of rent, rates, etc., applicable to residence (y, h)	£32		32	
Lawyers charges <i>re</i> property (y, d)	12		12	
Income tax (y, g)	12		12	
Interest paid (y, f)	23		23	
Income from Consols and property (z)	248			248
Expenditure on property (z)	113		113	
			£743	£523
	PROFITS OF BUSINESS		£220	

£220 is the profit which falls into the average (see page 16) for return and assessment. Some of the figures given above could be obtained from the bank pass book, but the trader must trust to his memory for others, and omissions and errors are inevitable. It must be repeated that this method is not at all satisfactory. Howbeit it is the only one possible when no books are kept.

CHAPTER III

THE AVERAGE SYSTEM (PROFITS—SCHEDULE D)

The Year of Assessment—Statutory Income—The Three Years' Average—Changes in Proprietorship—The Early Years of a Business—Example.

The Year of Assessment.

INCOME tax is charged in respect of the financial year beginning 6th April and ending 5th April, duty being payable on the 1st January between those dates, *i.e.*, three-quarters of the way through the financial year. Thus, an assessment for the year 1914/15 is in respect of the taxpayer's liability from 6th April, 1914, to 5th April, 1915; the return form is usually served on him during May, 1914, and tax becomes due on 1st January, 1915.

As the matter is closed in January, 1915, it is obvious that the actual profits of the financial year ending 5th April, 1915, cannot be the basis of assessment for that year. It follows, therefore, that in the normal course a business man's assessment has no relation to the profits of the year of assessment. The law postulates a *statutory income* (or "income estimated according to the rules and directions of the income tax acts"), and it is this statutory income which is the essential matter.

The statutory income derived from the carrying on of a trade, profession, vocation or employment, etc., is the amount of the average profits of the three years preceding the year of assessment. (There are special rules regarding the first three years of a business—see later in this chapter. The average system may sometimes be departed from—see the succeeding chapter. The employee of a company comes under different rules—see under SCHEDULE E, page 349). Thus, for 1914/15, a trader's statutory income is the average profits of the three years 1911/12, 1912/13, and 1913/14. It may be emphasised that this statutory income is all the authorities are concerned with. It may be more or less than the actual profit of 1914/15 ultimately proves to be, but this is immaterial. In all

returns and declarations of total income for purposes of claims to exemption, abatement or earned income relief the *statutory income* is the amount to be included in respect of the business, vocation, etc.

Three matters of importance in this connection will now be indicated.

(1) The statutory income is the average of the profits of the past three years, *each year's profits being calculated in accordance with the rules of the acts*. These rules have been set forth in Chapter II and the specimen returns in Chapter VII will be found to be based on average profits as adjusted for income tax purposes in Chapter II.

(2) The statutory income of a business is the average profit of that business irrespective of any change in ownership. That is to say, the average attaches to a concern and not to the owner. This matter is dealt with more fully under CHANGE OF PROPRIETORSHIP (page 130), where the exception to the rule is also set forth. See also under SUCCESSION (page 366) as to what facts may constitute the continuance of an old business, the taking over of a new branch, etc.

(3) The financial year extends from 6th April to 5th April, but traders rarely balance their books in accordance with these dates. In this case they should base their returns on the accounts of the three years ended on such day of the previous financial year on which the accounts have been usually made up. Thus, for purposes of a return for 1914/15 the last account to fall into the average must have been closed on a date prior to 5th April, 1914. See also under ACCOUNTS (page 93).

The Early Years of a Business.

The normal basis of assessment for a new business is as follows—

(a) *For the year in which it is set up*, “according to an average as the case may require and as shall be prescribed by the commissioners” (Schedule D, Case VI); that is to say, on a fair basis approved by the local general commissioners. (b) *For the first complete year*, “on the average profits from the period of the first setting up of the business” (Schedule D, Case VI), that is to say, on the profits shown by the first accounts if the books are closed annually; (c) *for the second complete year* on the basis stated under (b); (d) *for the third complete year* on the average profits of the first two years; (e) *fo*

the fourth and subsequent years, on the average profits of the three preceding years. (For periods (a), (b), (c) and (d) an adjustment may sometimes be claimed as shown in the next chapter.)

EXAMPLE.—A business is set up on 1st January, 1910, and closes its accounts each year on 31st December. The profits, after adjustment for income tax purposes as explained in Chapter II, are as follows—

1910—	£1,120
1911—	£1,340
1912—	£870
1913—	£1,030

The assessments will be as follows—

(a) Year of assessment 1909/10 (*i.e.*, 6th April, 1909, to 5th April, 1910)—“according to an average as the case may require.” If the concern can make up an interim account from 1st January, 1910, to 5th April (or 31st March), 1910, the profit shown thereby will, of course, afford a satisfactory basis of assessment. If this cannot well be done, however, the matter will probably be allowed to stand over until the first year's account is prepared. Unless there are strong reasons against it the assessment for 1909/10 will be one quarter of the profit for 1910, *i.e.*, $\frac{1}{4}$ of £1,120 = £280. (See also the note on the assessment for 1910/11.)

(b) Year of assessment 1910/11 (*i.e.*, 6th April, 1910, to 5th April, 1911)—on the average profits since the setting up of the business, in practice on the first complete year's profits, *viz.*, £1,120. It may at first sight appear to a trader that he should not pay tax on £280 ($\frac{1}{4}$ of £1,120) for 1909/10, and on the full £1,120 for 1910/11. It should be remembered, however, that the assessments for 1909/10 and 1910/11 cover fifteen months trading to 6th April, 1911, and therefore include profits to be made in the first quarter of 1911. The assessments for periods (a) and (b) are usually considered together and where any obvious injustice is done by this system the local commissioners will no doubt take into consideration the indefinite average indicated by the act (“according to an average as the case may require”).

(c) Year of assessment 1911/12 (*i.e.*, 6th April, 1911, to 5th April, 1912)—on the same basis and on the same amount as (b), *viz.*, £1,120. The liability to assessment on this basis is undoubted,

subject to the taxpayer's right to claim the adjustment indicated in the next chapter.

(d) Year of assessment 1912/13 (*i.e.*, 6th April, 1912, to 5th April, 1913)—on the average profits of 1910 and 1911, viz., £1,120 plus £1,340 divided by 2, equals £1,230.

(e) Year of assessment 1913/14—on the average profits of 1910, 1911, and 1912, viz., £1,120 plus £1,340 plus £870, divided by 3 equals £1,110 : the assessment for 1914/15 is on the average profits of 1911, 1912, and 1913 (£1,340 plus £870 plus £1,030 divided by 3 equals £1,080), and so on for subsequent years.

The period over which the average is taken is sometimes less and sometimes greater than 3 years in the cases of mines, quarries, gasworks, tithes, etc. These averages are indicated under AVERAGES (page 112), and under headings descriptive of the concerns in question.

CHAPTER IV

EXCEPTIONS TO THE AVERAGE SYSTEM (PROFITS—SCHEDULE D)

The Taxpayer's Option—Adjustment of Assessment where a new Business has been set up—Adjustment of Assessment where a Loss has been incurred—where a Loss has been incurred in the Early Years of a Business (Double Adjustment)—Adjustment of Assessment where a Business has been Discontinued—Adjustment of Assessment in case of a Specific Cause of Loss.

IN certain circumstances a person carrying on or exercising a trade, profession or vocation assessed under Schedule D, may exercise the right of departing from the average system set forth in Chapter III. This variation may never be demanded by the Crown or imposed by the local commissioners except at the instance of the person assessed. Further, it is only in four cases that the latter has such an option, viz., (1) where a new business has been set up, (2) where an absolute loss has been incurred, (3) where a business has been discontinued and (4) in the circumstances described later in which a specific "cause of loss" may be proved. In all other cases the average system must be adhered to whatever its effect and however far the result may be from approximating to the actual profits of the concern assessed.

Where a New Business has been Set Up.

The normal system of assessment in the early years of a new business has been described in the preceding chapter. It may be convenient to summarise the example given there of a business set up on 1st January, 1910. The profits shown by the accounts (after adjustment for income tax purposes) were as follows—

1910—	£1,120
1911—	£1,340
1912—	£870
1913—	£1,030

The assessments were based on the normal system as follows—

1909/10 (3 months)	$\frac{1}{4}$ of	£1,120	..	∴	.. =	£280
1910/11	..	£1,120	..	∴	.. =	£1,120
1911/12	..	£1,120	..	∴	.. =	£1,120
1912/13	..	..	..	$\frac{£1,120 + 1,340}{2}$	..	.. = £1,230
1913/14	..	..	..	$\frac{£1,120 + 1,340 + 870}{3}$	..	.. = £1,110

It is enacted, however, that in the case of a *profession, trade, or vocation* set up or commenced within the year of assessment or within the three preceding years, if the profits arising during the year of assessment fall short of the sum assessed, the person assessed shall be entitled to be charged on the actual profits of that year or be refunded any excess of duty paid. (*Finance Act, 1907, s. 24 (2) .*) That is to say, if a person carrying on a profession, trade or vocation, finds that in any of certain specified periods his assessment is larger than his actual profit, he may demand an adjustment of such assessment—the specified periods being the financial year in which the business was set up, or any or all of the three succeeding financial years.

In the example given above, the person assessed is entitled to an adjustment of any of the assessments for 1909/10, 1910/11, 1911/12 or 1912/13, if he can prove that the profit of such year was less than the amount of the assessment in question. Thus, he might draw out an account showing that in the financial year 1912/13 his profit was £930 only, in which case the assessment for that year would be reduced from £1,230 to £930. No other assessment would be affected by this adjustment, although a similar claim might be made for any or all of the other three financial years if the facts warranted.

But in the example given the trader has not drawn out his account according to the financial year, but according to the calendar year. May these accounts form the basis of a claim? By the letter of the law they may not, but in practice the local commissioners will either split the accounts (*i.e.*, assume the profits for 1911/12 to be $\frac{3}{4}$ of the 1911 profit plus $\frac{1}{4}$ of the 1912 profit) or regard the 1911 profit as the profit for the financial year 1911/12. If the commissioners authorise

the former system the profits may be compared with the assessments as follows—

Financial Year.	Assessment.		Profit.
1909/10 ..	£280 ..	$\frac{1}{4}$ of £1,120 ..	= £280
1910/11 ..	1,120 ..	$\frac{3}{4}$ of £1,120 plus $\frac{1}{4}$ of £1,340 ..	= 1,175
1911/12 ..	1,120 ..	$\frac{3}{4}$ of £1,340 plus $\frac{1}{4}$ of £870 ..	= 1,222
1912/13 ..	1,230 ..	$\frac{3}{4}$ of £870 plus $\frac{1}{4}$ of £1,030 ..	= 910

If the latter system is approved the statement would appear as follows—

Financial Year.	Assessment.	Profit.
1909/10	£280 .. (say)	£280
1910/11	1,120 ..	1,120
1911/12	1,120 ..	1,340
1912/13	1,230 ..	870

In either case the adjustment will be claimed for 1912/13 only. Under the former system the assessment should be reduced to £910 and under the latter to £870.

Two points should be noted—

(1) The title to adjustment is confined to professions, trades, and vocations. Employments are not included in the provision, neither until 1914/15 were mines, quarries, ironworks, railways, etc. (to which a three years' average is not applicable).

(2) The claim must be made "at the end of the year of assessment," i.e., as soon after the year of assessment as the circumstances of the case make it possible. (*Regina v. Special Commissioners—Cape Copper Mining Co., Ltd., 1888.*)

See page 29 for the adjustment where a loss is made in the early years of a business.

Where a Loss has been Incurred.

The average system may obviously operate so as to impose a considerable assessment for a year in which a loss is incurred. Thus, a concern whose trading results as follows—

1910/11—Profit	£4,400
1911/12— „	£3,100
1912/13— „	£1,200
1913/14—Loss	£900

will have been assessed on £2,900 for 1913/14 (the average of £4,400, £3,100, and £1,200), regardless of the actual loss of £900. In the

normal course this fact would not entail a particular hardship, as the loss of £900 would make itself felt in the assessments for 1914/15, 1915/16, and 1916/17, being included in the averaging calculations for those years. But in such a case the trader is permitted to depart from the average system, in some measure, and to have the benefit of the loss in 1913/14. (*Customs and Inland Revenue Act, 1890, s. 23.*) He cannot escape the fact that £2,900 is his statutory income for 1913/14; but instead of bringing the loss of £900 three times into his averaging calculations (1914/15, 1915/16, and 1916/17) and so reducing three assessments by £300 ($\frac{1}{3}$ rd of £900) each, he may set the whole £900 against the 1913/14 assessment and lose his right to bring it into future averages. In this case he would first pay the duty on £2,900 for 1913/14, and then claim repayment of duty on £900. Several other examples will be given showing the operation of the enactment in various circumstances.

EXAMPLE 1.—Where the loss is exceptional and is less than the amount of the assessment. This is the case set forth above. In addition to the figures given it may be assumed that trading in 1914/15 and 1915/16 resulted in profits of £2,300 and £3,900 respectively.

Year	Assessments if the adjustment is not claimed in 1913/14.	Assessments if the adjustment is claimed in 1913/14.
1913/14	$\frac{£4,400 + 3,100 + 1,200}{3} = £2,900$	$£2,900 - 900 = £2,000$
1914/15	$\frac{£3,100 + 1,200 - 900}{3} = £1,133$	$\frac{£3,100 + 1,200 - \text{Nil}}{3} = £1,433$
1915/16	$\frac{£1,200 - 900 + 2,300}{3} = £866$	$\frac{£1,200 - \text{Nil} + 2,300}{3} = £1,166$
1916/17	$\frac{£ - 900 + 2,300 + 3,900}{3} = £1,766$	$\frac{£\text{Nil} + 2,300 + 3,900}{3} = £2,066$
	<u>TOTAL = £6,665</u>	<u>TOTAL = £6,665</u>

EXAMPLE 2.—Where the loss is exceptional but exceeds the amount of the assessment, the person assessed having no other income. The facts may be assumed to be as follows: 1910/11, profit £1,200; 1911/12, profit £1,300; 1912/13, profit £500; 1913/14, loss of £1,200; 1914/15, profit £800; 1915/16, profit £700.

Year.	Assessment if the adjustment is not claimed in 1913/14.	Assessment if the adjustment is claimed in 1913/14.
1913/14	$\frac{£1,200 + 1,300 + 500}{3} = £1,000$	$£1,000 - £1,200 = £ - 200$ —Nil
1914/15	$\frac{£1,300 + 500 - 1,200}{3} = £200$	$\frac{£1,300 + 500 - 200}{3} = £533$
1915/16	$\frac{£500 - 1,200 + 800}{3} = £33$	$\frac{£500 - 200 + 800}{3} = £366$
1916/17	$\frac{£ - 1,200 + 800 + 700}{3} = £100$	$\frac{£ - 200 + 800 + 700}{3} = £434$
	TOTAL = <u><u>£1,333</u></u>	TOTAL = <u><u>£1,333</u></u>

In the above example the 1913/14 assessment was only large enough for tax on £1,000 to be repaid, leaving a loss of £200 not allowed for. In 1914/15, 1915/16, and 1916/17, therefore, this balance loss of £200 is brought into the average as the result of the trading in 1913/14.

EXAMPLE 3.—The same circumstances as in Example 2, except that the person assessed has taxed dividends £300 in 1913/14.

Year.	Assessment if the adjustment is not claimed in 1913/14.	Assessment if the adjustment is claimed in 1913/14.
1913/14 (as shown in Example 2)	£1,000	$£1,000 - 1,200 = £ - 200$ —Nil (Tax on £200 repaid on dividends)
1914/15 do.	£200	$\frac{£1,300 + 500 - \text{Nil}}{3} = £600$
1915/16 do.	£33	$\frac{£500 - \text{Nil} + 800}{3} = £433$
1916/17 do.	£100	$\frac{£ \text{Nil} + 800 + 700}{3} = £500$
	TOTAL <u><u>£1,333</u></u>	TOTAL <u><u>£1,533</u></u>

In the above example the right-hand column is £200 larger than the left-hand column, which excess is balanced by tax on £200 dividends having been repaid in the right-hand workings.

EXAMPLE 4.—Where the loss is repeated in subsequent years or is heavy in comparison with neighbouring profits. The facts may be assumed to be as on next page.

1910/11, profit £1,100 ; 1911/12, profit £800 ; 1912/13, profit £300 ; 1913/14, loss £700 ; 1914/15, loss £600 ; 1915/16, loss £300.

Year.	Assessment if the adjustment is not claimed in 1913/14.		Assessment if the adjustment is claimed in 1913/14.	
1913/14	$\frac{£1,100 + 800 + 300}{3}$	= £733	$£733 - 700$	= £33
1914/15	$\frac{£800 + 300 - 700}{3}$	= £133	$\frac{£800 + 300 - \text{Nil}}{3}$	= £366
1915/16	$\frac{£300 - 700 - 600}{3} = £ - 333$	—Nil	$\frac{£300 - \text{Nil} - 600}{3} = £ - 100$	—Nil
1916/17	$\frac{£ - 700 - 600 - 300}{3} = £ - 533$	—Nil	$\frac{£\text{Nil} - 600 - 300}{3} = £ - 300$	—Nil
	TOTAL	<u>£866</u>	TOTAL	<u>£399</u>

EXAMPLE 5.—Where a Company makes a loss but is in receipt of taxed dividends. (See (6) on page 28.) The facts may be assumed to be as follows—

1910/11, profit £8,000 ; 1911/12, profit £5,000 ; 1912/13, profit £7,000 ; 1913/14, loss £2,000 ; 1914/15, loss £1,000 ; 1915/16, profit £6,000. Taxed dividends have been ignored in arriving at these figures. In 1913/14 and in 1914/15 such dividends (gross — see page 175) amounted to £1,500.

Year.	Assessment if the adjustment is not claimed in 1913/14.		Assessment if the adjustment is claimed in 1913/14.	
1913/14	$\frac{£8,000 + 5,000 + 7,000}{3}$	= £6,666	$£6,666 \text{ less } £500 \text{ loss}$	= £6,166
1914/15	$\frac{£5,000 + 7,000 - 2,000}{3}$	= £3,333	$\frac{£5,000 + 7,000 - 1,500}{3}$	= £3,500
1915/16	$\frac{£7,000 - 2,000 - 1,000}{3} = £1,333$		$\frac{£7,000 - 1,500 - 1,000}{3}$	= £1,500
1916/17	$\frac{£ - 2,000 - 1,000 + 6,000}{3} = £1,000$		$\frac{£ - 1,500 - 1,000 + 6,000}{3}$	= £1,166
	TOTAL	<u>£12,332</u>		<u>£12,332</u>

It will be observed that for purposes of the 1913-14 adjustment the Company is regarded as making a loss of £500 (£2,000 less dividends £1,500). In making the averaging calculations for

subsequent years, however, the taxed dividends must be ignored. The loss of £2,000 is brought in, less the £500 on which tax has been repaid, *i.e.*, £1,500 as shown in the right-hand workings for 1914/15, 1915/16 and 1916/17. In 1914/15 the company made a profit of £500 when the dividends were taken into account. No adjustment could therefore be claimed for that year.

EXAMPLE 6.—Where a Company has taxed dividends in excess of an amount lost in trading, but can show a loss after deducting the allowance made in respect of the depreciation of plant and machinery. (See page 165.) It is doubtful whether the Act provides for an adjustment in these circumstances, inasmuch as the depreciation charge is not an admissible deduction from the year's profits, but is allowed from the average profits of the three preceding years. As an affirmative view is sometimes taken a specimen adjustment will be given. The facts may be assumed to be as follows—

1910/11	profit	£1,500 ;	depreciation	£1,200 ;	dividends	£800
1911/12	"	£5,000 ;	"	£1,220 ;	"	"
1912/13	"	£1,300 ;	"	£1,190 ;	"	"
1913/14	loss	£ 600 ;	"	£1,140 ;	"	"
1914/15	profit	£1,400 ;	"	£1,100 ;	"	"
1915/16	"	£5,200 ;	"	£1,160 ;	"	"
1916/17	"	£4,400 ;	"	£1,210 ;	"	"

Assessments if the adjustment is not claimed in 1913/14.

Year.

1913/14	$\frac{£1,500 + 5,000 + 1,300}{3}$	= £2,600 less depreciation	£1,140
1914/15	$\frac{£5,000 + 1,300 - 600}{3}$	= £1,900	" " £1,100
1915/16	$\frac{£1,300 - 600 + 1,400}{3}$	= £700	" " £1,160, of which £460 must be carried forward.
1916/17	$\frac{£ - 600 + 1,400 + 5,200}{3}$	= £2,000	" " £1,210 plus £460 brought forward.

Assessments if the adjustment is claimed in 1913/14.

1913/14	£2,600 less £940 (loss £600 + dep. £1,140 - divds. £800)	= £1,660 less depreciation	£1,140
1914/15	$\left\{ \begin{array}{l} \frac{£5,000 + 1,300 + 340}{3} = £2,213 \\ \text{or} \\ \frac{£5,000 + 1,300 + \text{Nil}}{3} = £2,100 \end{array} \right\}$		
		less depreciation	£1,100

$$1915/16 \left\{ \begin{array}{l} \frac{\pounds 1,300 + 340 + 1,400}{3} = \pounds 1,013 \\ \text{or} \\ \frac{\pounds 1,300 + \text{Nil} + 1,400}{3} = \pounds 900 \end{array} \right\} \begin{array}{l} \text{less depreciation } \pounds 1,160, \text{ of} \\ \text{which some must be carried} \\ \text{forward.} \end{array}$$

$$1916/17 \left\{ \begin{array}{l} \frac{\pounds 340 + 1,400 + 5,200}{3} = \pounds 2,313 \\ \text{or} \\ \frac{\text{Nil} + 1,400 + 5,200}{3} = \pounds 2,200 \end{array} \right\} \begin{array}{l} \text{less depreciation } \pounds 1,210, \text{ plus} \\ \text{amount brought forward.} \end{array}$$

The *alternative* adjustments reveal a difficulty. Ignoring dividends and depreciation the loss is £600; taking both into consideration the loss is £940, on which sum repayment must be made, if made at all. It is provided that no deduction may be allowed in a subsequent year "by reference to the amount of loss in respect of which repayment has been obtained"; *i.e.*, the £940 must not be brought into the averaging calculations for 1914/15, 1915/16 or 1916/17. But for average purposes the loss was only £600. The first alternative secures the balance that the enactment seems, generally speaking, to require. But, assuming the adjustment to be allowable, the second alternative seems to provide for all that the law requires. In such circumstances the adjustment, if made, would appear to be allowed as a concession which requires the *first* of the alternative adjustments to be adopted for 1914/15, 1915/16 and 1916/17.

In Example 4 it is to the permanent advantage of the trader to claim the adjustment in 1913/14, as the repeated losses make the 1915/16 and 1916/17 averaging calculations result in negative amounts. This being so, the exclusion of the 1913/14 loss from the averages of 1915/16 and 1916/17 has no effect; the trader has profited by tax on £700 in 1913/14, has suffered by tax on $\frac{1}{3}$ rd of £700 in 1914/15, and is not affected in subsequent years. A similar result would be obtained if the loss were not repeated in 1914/15 and 1915/16, but were large enough in 1913/14 to produce negative averages in 1914/15, 1915/16, or 1916/17.

The essential considerations in connection with the adjustment under discussion may be summarised as follows—

(1) The right to the adjustment is limited to a person or a

company. A firm may not claim as such, but individual partners are within the enactment. No claim may be made by a shareholder of a company which makes a loss.

(2) The right to the adjustment is limited to the cases of trades, manufactures, adventures or concerns in the nature of trade (Schedule D, Case I) and professions, employments or vocations (Schedule D, Case II). Mines, quarries, railways, and other concerns in the nature of trade included in Schedule A, No. III, are no doubt also within the scope of the provision in question.

(3) Tax will not be refunded in excess of the amount paid in the financial year concerned by the person making the claim. It is quite possible that the full amount of the loss is never allowed for, *e.g.*, in Example 4, if the 1913/14 loss had been £900 (the person assessed having no other income).

(4) The adjustment must be claimed by written notice to the surveyor of taxes within six months of the year of assessment and proof must be given of the amount of the loss and of the payment of tax on the claimant's aggregate income for the year. The matter may be determined by the special or local general commissioners. Their decision may not be appealed against. (*Bruce v. Barton*, 1901.)

(5) The adjustment of the assessment may entitle the claimant to a lower rate of charge, to exemption and to abatement. In Example 1 (assuming the claimant to have made due claims and to have no other income—see under EARNED INCOME, page 178), the 1913/14 assessment may be amended from £2,900 at 1s. to £2,000 at 9d. In Example 4 the 1913/4 assessment may be reduced to £33, and then discharged altogether if the total income does not now exceed £160. (See under EXEMPTION, page 184.) (The title to exemption or abatement is expressly sanctioned by the Act. The title to a lower rate probably follows.)

(6) In the case of a company the adjustment may be made only if its total operations result in a loss. A life insurance company made a loss in its insurance business, but made a profit when its taxed investments were brought into the account. Their application for adjustment was refused. (*Revell v. Edinburgh Life Insurance Co.*, 1906).

(7) No adjustment may be claimed on the ground that the three

years' average shows a loss. The assessment will be Nil, but tax suffered on other sources may not be reclaimed on account of such average loss.

See also page 21 as regards accounts made up to some date other than 5th April.

Where a Loss is Incurred in the Early Years of a Business.

In this case circumstances may permit adjustments to be made under both the sections referred to above. Thus, a person may plead: "In my third year of trading my assessment (on average) is £800, whereas I have incurred a loss of £200 in this year. I claim, first, to have my assessment discharged under the Finance Act, 1907, s. 24 (2), on the ground that it is my third year, and I have made no profit; secondly, to be repaid tax on £200 under the Customs and Inland Revenue Act, 1890, s. 23, on the ground that I have made a loss of £200 and have paid tax on other income to cover this repayment." The case will be further dealt with as will now be shown, assuming the trading to have resulted as follows—

Year.	Profit or Loss.	Assessment.	
1911/12	Profit, £850	£850	
1912/13	Profit, £750	£850	
1913/14	Loss, £200	$\frac{£850 + 750}{2}$	= £800
1914/15	Profit, £400	$\frac{£850 + 750 - 200}{3}$	= £466
1915/16	Profit, £600	$\frac{£750 - 200 + 400}{3}$	= £317
1916/17	Profit, £700	$\frac{£ - 200 + 400 + 600}{3}$	= £266

To favour simplicity of statement the business is assumed to have been set up on 6th April, 1911. If this had occurred in the middle of a financial year, the adjustment for 1913/14 would have been the same; the assessments and possible adjustments in earlier years are set forth on pages 17 and 20. (See also page 21 as regards accounts not made up to 5th April in each year.)

The claimant may be granted an adjustment under the provision explained on page 20. The assessment for 1913/14 would then be discharged, and future assessments would remain as shown above.

But a further claim may be made under the provisions set forth on page 22, if the claimant has other income against which the loss of £200 may be set as shown in Example 3 on page 24. The assessments would then be affected as follows—

Year.	Assessment if no adjustments are claimed in 1913/14.	Assessment if two adjustments are claimed in 1913/14.
1913/14	£800	£800 discharged; tax on £200 dividends refunded
1914/15	£466	$\frac{£850 + 750 - \text{Nil}}{3} = £533$
1915/16	£317	$\frac{£750 - \text{Nil} + 400}{3} = £383$
1916/17	£266	$\frac{£\text{Nil} + 400 + 600}{3} = £333$

Where a Business has been Discontinued.

In the event of the discontinuance in any financial year of a profession, trade or vocation, any person chargeable in respect thereof is entitled to be charged on the actual profit made in that year. Such person may also claim an adjustment (by repayment) of the assessments of all of the three preceding years, if the tax paid for such years exceeds the tax which would have been paid had each year been assessed on its actual profits. (*Finance Act, 1907, s. 24 (3) .*)

It should be noted—

(1) That the only time limit to the claim is that imposed by the Income Tax Act, 1860, s. 10, limiting all repayment claims to a period of three years from the end of the financial year, or the three financial years, to which the claim relates.

(2) That the operation of the section is limited to professions, trades, and vocations.

(3) That in reviewing the assessments of the past three years, each year must be considered separately and the result aggregated; examination of the examples which follow will show that the adjustment has not always the effect of adjusting the aggregate three years' assessments to the aggregate three years' profits.

(4) That the adjustment may be claimed only when the business is discontinued; a change of proprietorship does not give a title to

adjustment (see under SUCCESSION, page 366, for the rules which apply to such a case).

EXAMPLE 1.—A trader ceased business on 23rd July, 1913. His profits were as follows: 1907/8, £1,020; 1908/9, £839; 1909/10, £917; 1910/11, £715; 1911/12, £693; 1912/13, £928; 1913/14 (6/4/13 to 23/7/13), £210. The following statement shows what assessments would have been made and the adjustments to which he was entitled on discontinuing the business.

Year.	Assessment.	Assessment as adjusted.
1913/14 ..	$\frac{£715 + 693 + 928}{3} = £779$	<u>£210</u> (actual profit).
1910/11 ..	$\frac{£1,020 + 839 + 917}{3} = £925$	<u>£715</u> (actual profit).
1911/12 ..	$\frac{£839 + 917 + 715}{3} = £824$	<u>£693</u> (actual profit).
1912/13 ..	$\frac{£917 + 715 + 693}{3} = £775$	<u>£928</u> (actual profit).
	Total <u>£2,524</u>	<u>£2,336</u>

EXAMPLE 2.—A trader ceased business on August 10th, 1913. His trading resulted as follows: 1907/8, profit £827; 1908/9, profit £539; 1909/10, profit £417; 1910/11, profit £229; 1911/12, loss £315; 1912/13, loss £97; 1913/14 (6/4/13 to 10/8/13), profit £17. The following statement shows what assessments would have been made and the adjustments to which he was entitled on discontinuing the business.

Year.	Assessment.	Assessment as adjusted.
1913/14 ..	$\frac{£229 - 315 - 97}{3} = £ - 61$ —Nil	No assessment (profit <u>£17</u>).
1910/11 ..	$\frac{£827 + 539 + 417}{3} = £594$	<u>£229</u> (actual profit).
1911/12 ..	$\frac{£539 + 417 + 229}{3} = £395$	<u>Discharged</u> (loss <u>£315</u>).
1912/13 ..	$\frac{£417 + 229 - 315}{3} = £110$	<u>Discharged</u> (loss <u>£97</u>).
	Total <u>£1,099</u>	<u>£229</u>

No claim is made for 1913/14, there being no assessment.

The three preceding years' trading resulted in a nett loss of £166; the aggregate assessments over the four years, as adjusted, were £229. In August, 1913/14, there is still time for a further claim to be made for 1912/13 on the ground of loss. (See page 22.) This is, of course, on the assumption that the person assessed has suffered tax for 1912/13 on some other source of income. In this case a further repayment may be made of tax on £97.

Where there has been a " Specified Cause " of Loss.

The scope and object of this adjustment are discussed under SPECIFIC CAUSE on page 360. The note in the present chapter will be confined to a summary of the provisions in question and to examples showing how the adjustment is made in practice.

(1) The first essential consideration to the adjustment is that the person assessed shall have ceased to carry on the concern, shall have died or shall have become bankrupt during the financial year; or that there has been a change in the partnership assessed (either by the death or withdrawal of a partner or by the entrance of a new partner).

(2) Where the business is continued by some other person (or by a new partnership) the adjustment may be made only if it is proved that the profits have fallen short of the sum assessed from some specific cause; such specific cause must have operated (a) since the succession of a new proprietor or (b) by reason of that succession; examples of facts which constitute a specific cause will be found in the last paragraph of the note under SPECIFIC CAUSE, page 360.

(3) A claim to the adjustment must be made within three calendar months after the end of the financial year in question; the commissioners are required to give such relief as is just, and to direct repayment where necessary; the assessment is usually reduced to the actual amount of the profits for the period.

(4) The enactment extends to professions, trades, employments, or vocations.

EXAMPLE 1.—A clerk died on 2nd June, 1913, his employment not being succeeded to by another person within the year 1913/14. His salary had been £210 in 1910/11, £220 in 1911/12, £230 in 1912/13 and £40 in 1913/14 (5/4/13 to 2/6/13). The assessment for 1913/14

was £220 (the average of the salary over the three preceding years). It should be amended "as is just" either to £40, or to one-sixth of the assessment (£37) as the commissioners determine.

EXAMPLE 2.—A sells his business (as florist) to B as from 5th October, 1913. The lease of the premises occupied runs out on 25th December, 1913, and B opens a new shop across the street. The old and new businesses are substantially the same, but B proves that his profits have fallen short of the assessment, *by reason of a specific cause since his succession, i.e.,* his removal to a less frequented side of the street. If the commissioners are satisfied that the facts are as stated they will amend the assessment. The facts may be taken as follows: 1910/11, A's profit £260; 1911/12, A's profit £270; 1912/13, A's profit £250; 1913/14, 1st half-year, A's profit £130; 2nd half-year, B's profit £100. The assessment for 1913/14 is £260 (average of £260, £270, and £250.) A must account for duty on £130, and B's share (£130) may be amended to £100. The assessment for 1914/15 will be £250 (average of £270, £250, and £230) unless in 1914/15 also circumstances permit of a "specific cause" appeal being made.

EXAMPLE 3.—C, D, and E were in partnership as solicitors. C retired as from 1st January, 1914, and D and E admitted F, a new partner, as from the same date. D, E and F prove that their profits have diminished considerably as from the date of change and allege that there has been *a specific cause by reason of the change in partnership*, viz., the loss of C's personal influence. If the commissioners find the facts to be as stated they will adjust the assessment as shown in Example 2.

EXAMPLE 4.—G, a manufacturer, made profits as follows: 1910/11, £830; 1911/12, £790; 1912/13, £780; the assessment for 1913/14 was on the average of these amounts, *i.e.,* £800. From 6th April, 1913, to 5th July, 1913, he made a profit of £210, and then disposed of his business to H. In the remaining three quarters of the financial year H made a loss of £110 and proved to the satisfaction of the commissioners that the specific cause of loss was the insufficiency of the working capital he had at his command. The proportion of the assessment applicable to the last three quarters of 1913/14 (£600) was thereupon discharged. H also suffered tax under

Schedule A on £130 in respect of the trade premises acquired by him. He therefore made a further claim to repayment on the grounds of loss (as explained on page 22), and was repaid tax on £110, the amount of the loss. The assessment for 1914/15 must be £593 (the average of £790, £780, and £210—H's loss may not come into the average as it has been allowed for by repayment).

So that the examples might be as clear as possible it has been assumed that the traders made up their accounts to 5th April in each year. If they had not done so they are not, strictly speaking, in a position to prove that their profits have fallen short in the year of assessment. So long as the commissioners are satisfied as to the justice of a claim, however, they will usually accept some such approximation as is set forth on page 21.

CHAPTER V

ALLOWANCES DUE AND AMOUNT PAYABLE (PROFITS—SCHEDULE D)

Allowances Due—Statement of Aggregate Income—Exemption—
Abatement—Earned Income Relief—Children's Allowance—
Life Insurance Allowance—Examples.

THE preceding chapters should have brought the taxpayer to the position in which he knows on what amount he should be assessed. He will now enquire as to any allowances to which he is entitled. The allowances depend in a great measure on the *aggregate amount of his income from all sources*, and this of course enters into matters not dealt with hitherto. This aggregate income must be calculated in accordance with the rules of the acts, and a form is prepared on which such income may be set down classified as to source. All income whether taxed already or not, must be included thereon if the taxpayer wishes to claim any of the allowances made to incomes not exceeding certain limits. This information is not required for the purposes of re-assessing income already charged, nor to affect in any way the amount of the assessment which will be made on the untaxed profits. The sole reason for giving it is to enable the authorities to determine in what scale of charge the taxpayer's income falls, and to prove a title to exemption, abatement, or an earned income rate, etc. The form referred to will be found on the third page of any of the specimen forms (No. 11) printed in Chapter VII. In Chapter VI the reader will find an explanation of what should be entered in each space of this form.

When this statement of total income is completed, the taxpayer will be able to see at a glance what allowances may be made in his case. The rules are as follows—

Where the total income does not exceed £160—exemption may be allowed and no tax is payable. Where, however, the person making the return pays away any interest, ground rent, etc., from which he is entitled to deduct tax, he will be assessed to cover the tax retained by him. The effect of this is simply that he passes on to the revenue the tax the law authorises him to deduct from his creditor, etc. The matter is more fully explained on page 158.

Where the total income exceeds £160 but does not exceed £700—an abatement may be allowed. When the aggregate income does not exceed £400 the taxpayer need not pay duty on the first £160 of it; when it exceeds £400 but does not exceed £500, the first £150 is exempted; when it exceeds £500 but does not exceed £600 the abatement is £120; when it exceeds £600 but does not exceed £700 the abatement is £70. These abatements must be allowed, as far as possible, from income charged at the lowest rates. (See page 179.)

Where the total income exceeds £160 but does not exceed £2,500—the earned portion of it should be charged at the lower rate applicable (see under RATES) if the necessary requirements as to the time of claim, etc., are complied with. (See under EARNED INCOME.) Where the person assessed pays away any interest, ground rent, etc., from which he is entitled to deduct tax at the highest rate, a corresponding part of his assessment will be charged at the highest rate. This is further explained on page 179 and in the example given below.

Small unearned incomes are also chargeable at lower rates. (See under RATES.)

When the total income does not exceed £500 and the person assessed had a child or children living under sixteen years of age on the preceding 6th April—an allowance for each child may be made from the assessment, subject to the retention in charge of duty deducted from payments of interest, ground rent, etc. (as explained above with regard to incomes not exceeding £160). The allowance must be made as far as possible from income charged at a lower rate. The amount of the allowance is £10 for each child for the financial years 1909/10 to 1913/14 inclusive; then £20. (See page 134 for a detailed note on the subject.)

Where the person assessed pays a premium on a life insurance policy on his own life or his wife's, or for a deferred annuity thereon—the amount of the premium may be deducted from the assessment. The allowance may not exceed one-sixth of the aggregate income and must be made, as far as possible, from income charged at a lower rate. See page 273 for fuller information on the subject. The allowance is made subject to the retention in charge of any duty deducted by the person assessed from payments of interest, ground rent, etc. (as explained above as regards incomes not exceeding £160).

It should be observed that all the allowances referred to above are required to be made after the scale of exemption, abatement, or earned income relief, etc., has been fixed upon. That is to say, the allowances do not reduce the aggregate income for purposes of exemption, abatement, earned income relief, or children's allowances.

An allowance is made in respect of the wear and tear of plant and machinery as explained on pages 57 and 165. This allowance may operate so as to reduce the aggregate income for purposes of exemption, abatement, etc.

Rates of tax, allowances to earned incomes and small unearned incomes. (See under RATES, page 323.)

EXAMPLES. (Exemption.) The statutory incomes of A, B, C, D, E, and F (calculated as explained in Chapters VI and VII), are as stated below—

	A.	B.	C.	D.	E.	F.
Statutory income from trade, profession, or employment	£ 130	£ 130	£ 130	£ 130	£ 130	£ 130
Dividends (gross, see p. 89)	—	—	—	—	10	10
Property (see p. 89) ..	—	—	38	38	38	38
TOTAL	130	130	168	168	178	178
Interest, ground rent, etc., paid away	—	5	18	40	20	40
NETT INCOME ..	130	125	150	128	158	138

Liability in each case is as follows—

A—No liability.

B—Exempt, but B should deduct tax on £5 from the interest paid by him. He must be charged £5 at the highest rate.

C—No liability on profits. C is exempt on property also, but must be charged on £18 at the highest rate therefor to cover the tax which he should deduct from interest and ground rent, £18.

D—Exempt, but D must be charged £38 at the highest rate on his property and £2 at the highest rate on his profits to cover the tax which he should deduct from interest and ground rent, £40.

E—No liability on profits, but E must be charged £20 at the

highest rate on his property to cover the tax which he should deduct from interest and ground rent, £20. His dividends, £10, will probably have suffered tax before he received them, in which case he may claim repayment as explained on page 66. (It would be possible to charge £10 only on the property and so avoid repayment, but the authorities would require the production of the dividend vouchers.)

F—This is similar to the case of E. F's property must be charged on £38, and he may be repaid tax on £8 dividends.

EXAMPLES.—(Abatement.) The statutory incomes of G, H, I, J and K (calculated as explained in Chapters VI and VII) are as stated below—

	G.	H.	I.	J.	K.
Statutory income from trade, profession, or employment ..	£ 210	£ 210	£ 320	£ —	£ 140
Dividends (gross, see page 89) ..	—	10	90	130	40
Property (see page 89) ..	—	40	30	390	30
TOTAL	210	260	440	520	210
Interest, ground rent, etc., paid away	—	10	50	110	20
NETT INCOME ..	210	250	390	410	190

Liability in each case is as follows—

G—£210, less abatement £160 ; to pay on £50 ; entitled to lowest rate if a claim was made in proper time. (See page 178.)

H—Profits to be charged £210, less abatement £160, as in the case of G. The dividends and property will be charged in full, but H will deduct and retain tax on Interest, etc.

I—Profits to be charged £320, less abatement £160 ; to pay on £160 at the lowest rate if a claim was made in proper time. The dividends and property will be charged as in the preceding case.

J—An abatement of £150 to be allowed from property before duty is paid, or by way of repayment from property or dividends as explained on page 66.

K—Profits to be charged £140, less abatement £140 ; balance abatement £20 to be allowed from property, on production of dividend vouchers, proving that tax has been paid thereon at the

highest rate to cover tax deducted at the highest rate from interest, ground rent, etc.

EXAMPLES.—(Earned Income Rates.) The statutory incomes of L, M, N, O, P and Q (calculated as directed in Chapters VI and VII) are as stated below—

	L.	M.	N.	O.	P.	Q.
	£	£	£	£	£	£
Statutory income from trade, profession, or employment	400	400	1,680	1,980	2,400	3,100
Dividends (gross, see page 89)	30	30	100	100	—	200
Property (see page 89) ..	75	75	140	140	100	—
TOTAL	505	505	1,920	2,220	2,500	3,300
Interest, ground rent, etc., paid away	90	120	120	230	50	350
NETT INCOME ..	415	385	1,800	1,990	2,450	2,950

Liability in each case is as follows. The rates applicable will be found by reference to page 322.

L—Profits to be charged, £400, less abatement £150, nett £250 ; this may be charged at the lowest rate if a claim is made before 30th September in the year of assessment.

M—Profits to be charged, £400, less abatement £160, nett £240 ; of this £15 must be retained at the highest rate to cover tax deducted at that rate from interest, etc. (£105 of the £120 is covered by assessments at the highest rate on dividends and property: £120 – £105 = £15 to be retained on salary) ; the profits will, therefore, be assessed £400, less abatement £160, nett £15 at the highest rate, and £205 at the earned rate.

N—Nett aggregate income does not exceed £2,000 ; profits to be charged, £1,680 at an earned income rate.

O—Nett aggregate income does not exceed £2,000 ; profits to be charged, £1,980 at an earned rate.

P—Nett aggregate income is between £2,000 and £2,500 ; profits to be charged, £2,400 at an earned rate.

Q—Nett aggregate income is between £2,000 and £3,000 ; profits to be charged, £3,100 (at middle rate of 1s. in 1913/14) save for £150

charges not covered by taxed dividends. The assessment for 1913/14 is therefore £2,950 at 1s. and £150 at 1s. 2d.

EXAMPLES.—(Insurances and Children's Allowances.) The statutory incomes of R and S (calculated as directed in Chapters VI and VII) are as follows—

	R.	S.
Statutory income from trade, profession, or employment	£ 230	£ 290
Dividends (gross, see page 89)	20	130
Property (see page 89)	—	—
TOTAL	250	420
Interest, ground rent, etc., paid away	—	—
NETT INCOME	250	420

R has two children under sixteen, and pays life insurance premiums as follows: on his own life £15, on his wife's life £5, on his children's lives £3. The assessment on his profits should be £230, less abatement £160, less children's allowance (£20 up to 1913/14; £40 in later years), and life insurance allowance £20 (insurance on his children's lives must be ignored); nett assessment £30 at 9d. in years up to 1913/14, £10 at 9d. in 1914/15.

S has one child under sixteen, and pays insurance premiums £80; the assessment on his profits should be £290, less abatement £150, less children's allowance (£10 up to 1913/14, £20 in 1914/15), less insurance £70 (one-sixth of £420); nett assessment £60 at 9d. up to 1913/14, £50 at 9d. in 1914/15.

Where a married woman has income in her own right, earned or unearned, the joint incomes of husband and wife come under the rules stated on page 237.

CHAPTER VI

HOW TO MAKE RETURNS ON FORM 11 (PROFITS—SCHEDULE D)

Form 11—Returns at different Addresses—Page 2 must be completed—What to Include and What Not to Include—Other Spaces for Claims—Life Insurance—Exemption, Abatement, or Earned Income Relief—Children—Firms' Returns—Employees—By Whom Returns should be Completed.

THE form on which the profits of companies, firms, partners and single traders are required to be returned is known as Form 11 (or 11a when it is served by the surveyor). This is the large buff-coloured form with the variety of spaces and instructions. It is proposed to give, in this chapter, an analysis of the form which should enable the taxpayer to make his return without difficulty. Specimens of the form duly completed by a single trader, by a firm, by partners in the firm, and by the secretary of a company, will be found in the next chapter.

It may first be observed that no person is required by the authorities to make duplicate returns for the same year and in respect of the same source of income. The acts certainly authorise them to demand a return from each parish in which the taxpayer has a residence or a place of business, but this authority is used only for checking purposes. A form may be served on a person at each address with which he is connected. He is required to make a return of his taxable income from one address, and to send back the forms served at any other addresses with a declaration on each that he has made a return from a certain address (to be stated). Form 11 provides a space for this declaration (at the foot of page 1). In explanation of this and of the later contents of this chapter the reader should consult one of the specimen forms referred to above.

As regards the form which the taxpayer completes, it should be noted that its real object is to bring to his notice the section thereof printed on the second page. It is headed "**Statement of Untaxed Income for Assessment under Schedule D,**" and the taxpayer *must*

complete this part. He should either insert "None" therein or should give particulars of his income against the correct sub-heading. He should then sign the declaration that "In the foregoing statement I have given a full and true Return of the whole of the Income chargeable on me under Schedule D," adding his business and private addresses, and stating whether the return is made on his own behalf, as precedent acting partner of a firm, as trustee, agent, etc., or as the officer of any corporation or company. If he wishes to be assessed by the special commissioners (see page 360) he will state so in the space provided above his signature.

The following sources of income should be included in this section.

(1) The profits of a trade, profession, employment or vocation (as a general rule the average profits of the three preceding years should be inserted as explained in Chapter III).

(2) Bank interest or other interest of money not taxed by deduction, and discounts (*i.e.*, discounts which are really interest—not mere trade discount written off the price of an article for prompt payment, see page 174). The amount which accrued (or the bank interest credited) in the preceding year should be stated, without any deductions whatsoever.

(3) Income from colonial and foreign securities, where the duty is not deducted by the agent who makes payment thereof. This sub-heading includes foreign mortgages, foreign debentures, etc. For 1913/14 and previous years the amount which will be received in the United Kingdom during the year of assessment should be returned without any deduction whatsoever; for later years, the amount accrued (see page 212). The sub-heading is usually further divided so that the taxpayer may show whether the income in question is derived from foreign or colonial railways, foreign or colonial property, Indian or colonial securities, or foreign securities.

(4) Income from colonial and foreign possessions (including shares in foreign trading companies, foreign property owned by the taxpayer, etc., see page 209). For 1913/14 and previous years the amount received in the United Kingdom on an average of the past three years should be inserted, without any deduction whatsoever. (In the first year insert the amount for that year; in the second year insert the same as in the first year; in the third year insert the average receipt of the first and second years.) For later years

and in most cases insert the amount accrued (see page 212). The sub-heading is usually further divided so that it may be shown whether the income returned is derived from British possessions or foreign countries.

(5) Income from property or profits not falling under any of the foregoing heads, *including* profits of letting furnished houses or lodgings (see page 225), literary profits, not being the proceeds of a trade or profession (see page 277), and other sources referred to under CASUAL PROFITS on page 128 ; *not including* income arising out of any of the sources indicated below.

(6) The amount claimed as a deduction in respect of the depreciation of plant and machinery (see page 165).

The following income is *not* to be included on this page—

(1) Income arising from land or other property ; also the profits of mines, quarries, iron works etc., assessable under Schedule A, No. III. A list of such concerns will be found on page 344, with particulars of the rules of assessment. A special form is provided for use in these cases.

(2) Annuities, dividends, etc., payable out of the public revenue of the United Kingdom (*e.g.*, Consols, etc.) unless paid through the Post Office Savings Bank, or unless paid by the Bank of England without deduction of tax ; income arising abroad from which tax has been deducted as explained on page 212.

(3) Income arising from an employment under the Crown or under any public body, company or society. Such income is assessable under Schedule E and a special form is provided (see page 349).

(4) Income from which tax has been deducted before it is received by the person entitled thereto (*e.g.*, dividends, mortgage interest, etc.).

The other spaces of Form 11 will now be dealt with. *These are provided so that the taxpayer may make claims to any allowances to which he is entitled.* If he is certain that he has no claim to make he need not complete them (except for the firm's return on page 4). The allowances which may be claimed are set forth in Chapter V. In the present chapter they will be dealt with in the order in which the respective spaces are printed on the form.

Claim for Allowance in respect of Life Assurance Premiums.

This is the heading of the space which appears at the bottom of the second page of Form 11. In this place the taxpayer should insert particulars of premiums payable in the year of assessment in respect of assurances (or contracts for deferred annuities) on his own life or his wife's. An allowance will be made up to the amount of one-sixth of his income. (See page 273.)

Claim for Exemption or Abatement, or for Relief in respect of Earned Income. The whole of the third page of Form 11 is given for the purposes of claims under these headings. These claims are made by completing the form and signing the declaration at the foot thereof. It should be observed that the earned rate of tax will be allowed only in cases in which the claim is made before 30th September in the year of assessment. *Exemption* is granted to incomes which do not exceed £160 (see page 184); *abatement* may be allowed where the total income exceeds £160 but does not exceed £700 (for the four grades, see page 89); *relief* applies where the income does not exceed £2,500; for the various rates, see page 322. When the insurance allowance, abatement, and children's allowance (or any of them) are claimed in addition to relief, they must be allowed from earned income as far as possible. For the adjustments made to a person who has charges on his income (*i.e.*, who pays interest, ground rent, etc.) see pages 100 and 158.

The form on page 3 should be completed in the following manner—

(1) Insert the amount of the income received (estimated in each case as shown below) in the spaces provided. Towards the foot of the form insert particulars of any ground rent, annuities, interest, etc., paid. If there is not sufficient room on Form 11, attach a sheet of paper containing details and carry the totals only to the form.

(2) State "None" in each space descriptive of income which the taxpayer does not possess. If no ground rent, annuities, interest, etc., are paid state "None" against these items. The form will be returned if this instruction is not complied with.

(3) Sign the declaration at the foot, *i.e.*, that "I declare that the above statement contains a full, just and true account and return of the *whole of my income from every source whatsoever* for the year." It should be observed that the taxpayer must include every source

of income belonging to himself or to his wife, whether taxed before receipt or not. Also that he must make no deductions for abatement, insurance, children, etc. These allowances must be claimed by completing the spaces provided; the deductions will be made by the authorities in the official books. It is extremely inadvisable to omit any sort of income for any reason whatsoever; if the taxpayer is uncertain as to the amount receivable and cannot make a reasonable estimate he should state his difficulty on the form. Severe penalties may be imposed for an incorrect claim whether careless or intentional. The various spaces should be completed as follows—

(a) *From Trade, Profession, Employment, or Vocation.* When the person completing this page has already inserted the amount of his profits on page 2, he should insert that amount here also (after deducting any allowance for wear and tear claimed on page 2). When the person completing page 3 is a partner in a firm whose profits have been returned in one sum on the firm's form, he should insert the amount which has appeared against his name on page 4 of the firm's return.

(b) *From any Public Office or Employment not Entered on page 2 hereof.* This space is provided for fees earned by directors of public companies or by any other persons holding offices under companies, societies, public bodies, or the Crown. The name and address of the companies, etc., should be stated and the amount expected to be received in respect of the employment during the financial year for which the claim is being made.

(c) *From Property including the Annual Value of the Property which I Own and Occupy.* State the address of each property and the amount of the nett assessment thereon under Schedule A, *i.e.*, the amount on which tax is charged. If this is not known state the amount of rent receivable. No deductions should be made. Property being purchased through a building society or with the assistance of a mortgage is regarded as being owned by the taxpayer (see below as to ground rent, interest, etc.).

(d) *From the Occupation of Land.* State the amount of the Schedule B assessment, *i.e.*, one-third of the annual value inclusive of tithe.

(e) *From Bank and other Interest, Annuities, Dividends or*

other Income not already Entered on this Page. Distinguish between income which is taxed before receipt, and interest, etc., not taxed before receipt. The former should be returned on the basis of the amount received in the preceding year if this is likely to be a fair estimate of the amount to be received in the current year. If not, estimate the amount as closely as possible. The gross amount should be returned as explained on page 89. The latter should be returned on the basis of the amount received in the preceding financial year irrespective of the amount expected to be received in the current year. A description of the income should be given in each case.

(f) *Wife's Income, if not Included above.* State "None" if this is correct. If the wife has income the note on page 237 should be consulted.

Particulars of Charges on Income. Insert particulars of any ground rent, annuities, patent royalties, interest or other annual charges (see page 131). State the name and address of the person to whom they are payable. Do not insert the amount of life insurance premiums or the cost of repairs to property. It is important to write "None" in this space if this is correct.

Claim for Relief in Respect of a Child or Children (page 4 of Form 11). The nature of this allowance is described on page 134, and the information required is clearly stated on the form.

Declaration by the Precedent Acting Partner in a Firm (page 4 of Form 11). If none of the partners is resident in the United Kingdom the return must be made by the manager or agent in receipt of the profits. The form provides for the insertion of the following particulars—

(1) Full description or style of the firm. This information should be given in every case of partnership.

(2) Particulars of all annuities, interest on loans, and other annual charges (excluding life insurance premiums and payments to partners) payable out of the profits to be assessed. The amounts to be given are those payable in the year of assessment, irrespective of payments made in any past years. This information need only be given when one or more of the partners desire to claim exemption, abatement or the relief to earned incomes.

(3) Particulars of the share of each partner of the assessable

profits of the firm after deducting the payments included under the previous sub-headings. The totals of the amounts included under sub-headings 2 and 3 will equal the amount of the firm's return in the "Statement of untaxed income for assessment under Schedule D" on page 2 of Form 11. This information need be given only when one or more of the partners desire to claim exemption, abatement, or the relief to earned incomes.

The returns required from firms are undoubtedly more complicated than any others. Where further explanation is desired it will be found by reference to Specimen Returns Nos. 2 to 11 in the next chapter, and in the notes on pages 197 and 200.

Form 11 is also required to be completed by **Employees**, except those serving under a company, society or body. (See under SCHEDULE E, page 349, as to the latter.) Such persons should make their returns in the manner described in this chapter and in Specimen Return No. 1 in Chapter VII.

The rules respecting liability to make returns, generally, will be found on page 339.

Form 11 is required to be completed by the following persons—

On behalf of a man carrying on a business or exercising a profession or employment alone. By himself.

On behalf of a firm. By the precedent acting partner. (See also page 200.)

On behalf of a company, society, etc. By the secretary or person performing the duties of secretary. (See also page 354.)

On behalf of a spinster or widow. By herself. (See also page 391.)

On behalf of a married woman living with her husband. By her husband. (See also page 237.)

On behalf of a married woman living apart from her husband. By herself. (See also page 238.)

On behalf of a minor. By his trustee, guardian, etc. (See also page 289.)

On behalf of an insane person. By his trustee, curator, committee, etc. (See also page 245.)

CHAPTER VII

SPECIMEN RETURNS AND ASSESSMENTS (PROFITS—SCHEDULE D)

Specimen No. 1, Return of a Single Trader—Nos. 2, 3 and 4, Returns of a Firm and Partners neither of whom Claim Abatement or a Lower Rate—Nos. 5, 6 and 7, Returns of a Firm and Partners, one of whom Claims Relief ; the Firm pays no Interest, etc.—Nos. 8, 9, 10 and 11, Returns of a Firm and Partners, two of whom Claim Relief ; the Firm Pays Interest, etc., and has Taxed Income—No. 12, Return of a Company.

FOR explanation of the rates at which the following assessments are calculated, reference should be made to page 322.

Specimen Return No. 1.—*Return of a Single Trader.*

The first specimen return will be that of T. Jones, milkman, whose cash account appears on page 10. It was shown there that his profit for 1913 (after adjustment for income tax purposes) was £276, and, as explained in Chapter III, his return for 1914/15 must be based on the average of the profits of 1911, 1912, and 1913, which were as follows—

1911 ..	.. £244
1912 ..	.. 272
1913 ..	.. 276
	3)792
	£264 to be assessed in 1914/15

It may be assumed—

(1) That T. Jones has a Post Office Savings Bank Account and that the interest credited to him in 1913 was £4 ;

(2) That he owns two freehold houses (as shown in the accounts) which are assessed at £60 gross and £50 nett ; he has no mortgage on them ;

(3) That his wife owns a house in Rich Street which is assessed at £36 gross and £30 nett ; she pays £6 ground rent and £15 interest on a mortgage of £300 ;

(4) That T. Jones has a child six years of age and another eight years of age and that he pays life insurance premiums (as shown on

page 10) amounting to £6, *i.e.*, £3 on his own life, £2 on the life of his wife, and £1 on the life of his child.

Specimen Return No. 1 sets forth—

(a) On page 2 the return of profits which the law requires T. Jones to make; also of the untaxed interest £4;

(b) On page 2 a claim to an allowance in respect of insurance premiums £5 (the premium on the life of the child is not admissible, see page 274);

(c) On page 3 a statement of the total income of T. Jones and of his wife, completed in accordance with the directions given on page 44;

(d) On page 4, a claim to an allowance in respect of children.

The assessment on T. Jones in respect of his trade profits for 1914/15 will be as follows—

Gross	£264
Less—Abatement	£160
„ Insurance	5
„ 2 Children	40
	205

Nett 59 at 9d. =
£2 4s. 3d.

The interest will be assessed £4 at 1s. 2d. = 4s. 8d. (See page 322.)

Specimen Returns Nos. 2, 3 and 4. *The return of a firm and the personal returns of the partners, neither of whom claims abatement or a lower rate.*

One of the partners makes a claim in respect of life insurance and has to return certain interest accruing on a private deposit account. The second partner has no untaxed private income and pays no insurance premiums.

A. Adams and B. Brooks are partners whose profits (after adjustment for income tax purposes) have been as follows: 1911, £8,740; 1912, £7,652; 1913, £8,436. The amount to be returned for 1914/15 will be arrived at thus—

1911	£8,740
1912	7,652
1913	8,436

3)24,828

£8,276 to be assessed in 1914/15

NOTE.—Firms' assessments and returns are discussed on pages 197 and 200.

This amount should be inserted on page 2 of Form 11, and the declaration thereunder should be signed by the precedent acting partner. The style of the firm and its partners' names and addresses should be shown on page 4. As neither partner claims to be assessed at the earned income rate no other information need be given on the firm's return. (See SPECIMEN RETURN No. 2.)

The partners are each required to complete a personal return, showing the amount of any untaxed income accruing to them in addition to that included in the firm's return, and making any claim to allowances in respect of insurance premiums to which they are entitled.

A. Adams pays an annual premium of £820 on his own life and £87 on the life of his wife; further, in 1913 he was credited with £69 interest (untaxed) on a private deposit account.

B. Brooks is not insured and has no untaxed income except that included in the firm's return.

A. Adams's return is shown in SPECIMEN RETURN No. 3.

B. Brooks's return is shown in SPECIMEN RETURN No. 4.

The assessment on the firm should be as follows—

Gross	..	..	..	..	£8,276
Less—A. Adams, Insurance	..				907
Nett	..	..	..	..	7,369 at 1s. 3d. = £460 11s. 3d.

A. Adams will also be charged personally with £69 at 1s. 3d. = £4 6s. 3d.

The authorities may require an assurance that A. Adams's share of the profits is not less than six times the amount claimed in respect of insurance premiums.

Specimen Returns Nos. 5, 6 and 7.—*Return of a firm and the personal returns of the partners, one of whom claims relief: the firm pays no interest, neither are there any other charges on its profits.*

C. Carter and D. Davies are partners in a firm whose profits (after adjustment for income tax purposes) have been as follows—

1911	..	..	£1,237
1912	..	..	1,314
1913	..	..	1,379

3)3,930

£1,310 to be assessed in 1914/15

This amount should be inserted on page 2 of Form 11, over the

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 1

Return of a single trader
who claims abatement.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME		AMOUNT		
		£	s.	d.
FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :-				
The Trade, Profession, or Business of <u>Milkman</u>				
carried on by <u>me</u>				
at <u>225, Royal Road, N.W.</u>		264		
The Employment or Vocation of _____				
carried on by me at _____				
FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. :-				
Particular source of such Income <u>Savings Bank Interest</u>		4		
FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :-				
Interest of Money, Annuities, or other Annual Payments arising from Railways out of the United Kingdom.				
Interest of Money, Annuities, or other Annual Payments derived from Property out of the United Kingdom other than Railways.				
Interest arising from Securities of Indian or Colonial Governments or Companies.				
Interest arising from Foreign Securities.				
FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :-				
Possessions in any of His Majesty's Dominions out of the United Kingdom.				
Possessions in Foreign Countries.				
FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :-				
Letting Furnished House at _____				
Other Sources (the particular source to be stated), viz. :- _____				
the amount whereof is computed according to (state basis of computation) _____				
TOTAL.		268		
Less: Amount claimed for Wear and Tear of Machinery and Plant) which should not be deducted in arriving at the above figures)				
NET TOTAL..		268		

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the _____

Given under my hand this 11th day of May 1914

J. Jones
225, Royal Road N.W.
do

Signature
Business Address.
Private Residence.

Note.—A woman must state after her signature whether Married, Widow, or Spinster

STATE WHETHER THE RETURN IS MADE -

1. On your own behalf;
or 2. As precedent Acting Partner of a Firm;
or 3. As Trustee, Agent, Receiver, or Factor, and for whom,
or 4. As the Officer of any Corporation or Company

On my own behalf

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above	£	s.	d.
<u>J. Jones</u>	<u>Atlas Company</u>		3		
<u>Alice Jones</u> <u>(wife)</u>	<u>do</u>		2		

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me

J. Jones Signature

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF
IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.									
Abatement of	£160	"	"	"	"	exceeds £160	but does not exceed	£400.	
"	£150	"	"	"	"	"	"	£300.	
"	£120	"	"	"	"	"	"	£600.	
"	£70	"	"	"	"	"	"	£700.	

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred BEFORE 30th SEPTEMBER in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Vocation:—	<i>milkman</i>	264		
(b) From any Public Office or Employment not entered on page 2 hereof (Name and Address of Company, Corporation or Public Department to be stated):—	<i>nil</i>			
(c) From Property, including the annual value of the property which I own and occupy (Precise address to be stated):—	<i>16 1/2 Black Street. N.W.</i>	50		
	<i>5, Rich. Street. N.W.</i>	30		
(d) From the Occupation of Land:—	<i>nil</i>			
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (giving full particulars and stating whether taxed before receipt or not):—	<i>Savings Bank Interest</i>	4		
(f) Wife's Income, if not included above (giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted):—	<i>Included above</i>			
Total.		348		

No. 2.—Particulars of Charges on Income.

(Life Insurance Premiums should not be entered here, but on page 2.)

Nature of the Charge.	Name and Residence of the Person to whom payable	Annual Amount thereat.
		£ s. d.
Ground Rents	Royal Land Company	6 . .
Annuities		
Patent Royalties		
Interest on Mortgages or Loans:—		
Amount of Mortgage or Loan.	Rate per cent.	
300	5	do 15 . .
Other annual Charges (if any)		
		Total Charges
Total Amount of Income FROM ALL SOURCES less Charges		

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this

11th day of *May* 191*4*

Signed

L. Jones

Private Residence

225, Royal Road N.W.

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full* Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)
Albert Jones	225, Royal Rd., N.W.	June 1st, 1906	7 Oak Terrace St John's Wood, N.W.
Mary Jones	do	Aug. 5th 1908	225 Royal Road, N.W.

I declare that the above-named children † (two in number) are my children within the statutory definition at the foot of this Section†, that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this 11th day of May, 1914.
I Jones Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

† The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description of style of the Firm

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year.

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether " Sleeping " or " Acting " Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
		TOTAL	£	

I declare that I am* _____ of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent.

Signature, _____

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 2

The return of a firm neither of whose partners
claim abatement or a lower rate.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the
Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME	AMOUNT		
	£	s.	d.
FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. — The Trade, Profession, or Business of <u>Stock jobbers</u> carried on by <u>Adams and Brooks</u> at <u>119 Angel Court, E.C.</u> The Employment or Vocation of _____ carried on by me at _____	8,276	.	.
FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. — Particular source of such Income _____			
FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. — Interest of Money, Annuities, or other Annual Payments arising from Railways out of the United Kingdom..... Interest of Money, Annuities, or other Annual Payments derived from Property out of the United Kingdom other than Railways..... Interest arising from Securities of Indian or Colonial Governments or Companies.... Interest arising from Foreign Securities.....			
FROM COLONIAL AND FOREIGN POSSESSIONS, viz. — Possessions in any of His Majesty's Dominions out of the United Kingdom..... Possessions in Foreign Countries.....			
FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. — Letting Furnished House at _____ Other Sources (the particular source to be stated), viz. — _____ the amount whereof is computed according to (state basis of computation) _____			
TOTAL..	8,276		
Less: Amount claimed for Wear and Tear of Machinery and Plant } which should not be deducted in arriving at the above figures }			
NET TOTAL..	8,276		

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the

Given under my hand this 13th day of May 1914

A. Adams Signature
119 Angel Court E.C. Business Address,
The Brook, Stockbridge Private Residence,

Note.—A woman must state after her signature whether Married, Widow, or Spinster

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
or 2. As precedent Acting Partner of a Firm;
or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
or 4. As the Officer of any Corporation or Company.

As precedent Acting
Partner of a Firm

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above		
		£	s.	d.

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me.

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.					
Abatement of £160	"	"	"	"	exceeds £160 but does not exceed £400.
" £150	"	"	"	"	" £400 " " £500.
" £120	"	"	"	"	" £500 " " £600.
" £70	"	"	"	"	" £600 " " £700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred **BEFORE 30th SEPTEMBER** in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Vocation :—				
(b) From any Public Office or Employment not entered on page 2 hereof (<i>Name and Address of Company, Corporation or Public Department to be stated</i>) :—				
(c) From Property, including the annual value of the property which I own and occupy (<i>Precise address to be stated</i>) :				
(d) From the Occupation of Land :—				
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (<i>giving full particulars and stating whether taxed before receipt or not</i>) :—				
(f) Wife's Income, if not included above (<i>giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted</i>) :—				
Total .				

No. 2.—Particulars of Charges on Income.

(*Life Insurance Premiums should not be entered here, but on page 2.*)

Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof.		
		£	s.	d.
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage or Loan.	Rate per cent.			
Other annual Charges (if any)				
Total Charges				

Total Amount of Income FROM ALL SOURCES less Charges

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this day of 1915

Signed

Private Residence

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section†, that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____ 191

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

‡ The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

Section F.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm Adams and Brooks

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year.

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
Arthur Adams	The Hook, Stokebridge			
Benjamin Brooks	53, Parkmansions			
	N. W.			
TOTAL		£		

I declare that I am predecessor acting partner of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

- State whether precedent acting partner, or agent.

R Adams Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 3

The personal return of a partner who claims no abatement or relief. He claims an allowance in respect of insurance premiums.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME

AMOUNT

FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :-

The Trade, Profession, or Business of _____
 carried on by Included in Firm's Return
 at _____
 The Employment or Vocation of _____
 carried on by me at _____

FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUC-
TION AND FROM DISCOUNTS, viz. :-

Particular source of such Income Deposit Interest

FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by
the Agent entrusted with payment thereof), viz. :-

Interest of Money, Annuities, or other Annual Payments arising from Railways out
 of the United Kingdom.....
 Interest of Money, Annuities, or other Annual Payments derived from Property out
 of the United Kingdom other than Railways.....
 Interest arising from Securities of Indian or Colonial Governments or Companies....
 Interest arising from Foreign Securities.....

FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :-

Possessions in any of His Majesty's Dominions out of the United Kingdom.....
 Possessions in Foreign Countries.....

FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING
HEADS, viz. :-

Letting Furnished House at _____
 Other Sources (the particular source to be stated), viz. :- _____
 the amount whereof is computed according to (state basis of computation) _____

TOTAL..

Less: Amount claimed for Wear and Tear of Machinery and Plant |
 which should not be deducted in arriving at the above figures |

NET TOTAL..

General Declaration.

I declare that in the foregoing statement I have given a full and true Return
 of the whole of the Income chargeable upon me under Schedule D of the Income
 Tax Acts, estimated to the best of my judgment and belief according to the
 directions and rules of the said Acts I desire to be assessed by the _____

Given under my hand this 13th day of May 1914

A. Adams Signature
119, Angel Court E.C. Business Address
The Brook, Stokebridge Private Residence

Note.—A woman must
 state after her signature
 whether Married, Widow,
 or Spinster

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
 or 2. As precedent Acting Partner of a Firm;
 or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
 or 4. As the Officer of any Corporation or Company

On my own behalf

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the
 Assurance or Annuity is effected

Name of Assurance Company or
 Friendly Society

Amount of Premiums
 claimed as an Allow-
 ance from the Profits
 stated above

Arthur Adams

Northern Assurance
Society

820

Ethel Adams
(wife)

do

87

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I
 have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have
 I claimed an allowance for the same premiums from any other assessment upon me

A. Adams

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.					
Abatement of	£160	"	"	"	exceeds £160 but does not exceed £400.
"	£150	"	"	"	" £400 " " £500.
"	£120	"	"	"	" £500 " " £600.
"	£70	"	"	"	" £600 " " £700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred **BEFORE 30th SEPTEMBER** in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Vocation :—				
(b) From any Public Office or Employment not entered on page 2 hereof (<i>Name and Address of Company, Corporation or Public Department to be stated</i>) :—				
(c) From Property, including the annual value of the property which I own and occupy (<i>Precise address to be stated</i>) :				
(d) From the Occupation of Land :—				
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (<i>giving full particulars and stating whether taxed before receipt or not</i>) :—				
(f) Wife's Income, if not included above (<i>giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted</i>) :—				
Total .				

No. 2.—Particulars of Charges on Income.

(Life Insurance Premiums should not be entered here, but on page 2.)

Nature of the Charge.		Name and Residence of the Person to whom payable.		Annual Amount thereof.		
				£	s.	d.
Ground Rents						
Annuities						
Patent Royalties						
Interest on Mortgages or Loans:—						
Amount of Mortgage or Loan.	Rate per cent.					
Other annual Charges (if any)						
Total Charges						
Total Amount of Income FROM ALL SOURCES less Charges						

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this

day of

191

Signed

Private Residence

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN:

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section, that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____, 1901.

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

† The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

Section F.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm _____

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
		TOTAL	£	

I declare that I am* _____ of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent.

Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 4

The personal return of a partner who claims
no abatement or relief.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the
Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME

AMOUNT

£ s. d.

FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :—

The Trade, Profession, or Business of

carried on by Included in Firm's Return

at

The Employment or Vocation of

carried on by me at

FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. :—

Particular source of such Income

FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :—

Interest of Money, Annuities, or other Annual Payments arising from Railways out of the United Kingdom.....}

Interest of Money, Annuities, or other Annual Payments derived from Property out of the United Kingdom other than Railways.....}

Interest arising from Securities of Indian or Colonial Governments or Companies.....

Interest arising from Foreign Securities.....

FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :—

Possessions in any of His Majesty's Dominions out of the United Kingdom.....

Possessions in Foreign Countries.....

FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :—

Letting Furnished House at

Other Sources (the particular source to be stated), viz. :—

the amount whereof is computed according to (state basis of computation)

TOTAL..

Less : Amount claimed for Wear and Tear of Machinery and Plant }
which should not be deducted in arriving at the above figures }

NET TOTAL..

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the

Given under my hand and the 13th day of May 1914

B. Brooks Signature
119, Angel Court E.C.6 Business Address
53 Park Mansions NW Private Residence.

Note.—A woman must state after her signature whether Married, Widow, or Spinster.

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf,
 or 2. As precedent Acting Partner of a Firm,
 or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
 or 4. As the Officer of any Corporation or Company.

On my own behalf

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above		
		£	s.	d.

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me.

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.									
Abatement of £160	"	"	"	"	"	exceeds £160 but does not exceed £400.			
" £150	"	"	"	"	"	" £100	"	"	£500.
" £120	"	"	"	"	"	" £500	"	"	£600.
" £70	"	"	"	"	"	" £600	"	"	£700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred **BEFORE 30th SEPTEMBER** in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Vocation :—				
(b) From any Public Office or Employment not entered on page 2 hereof (<i>Name and Address of Company, Corporation or Public Department to be stated</i>) :—				
(c) From Property, including the annual value of the property which I own and occupy (<i>Precise address to be stated</i>) :				
(d) From the Occupation of Land :—				
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (<i>giving full particulars and stating whether taxed before receipt or not</i>) :—				
(f) Wife's Income, if not included above (<i>giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted</i>) :—				
Total .				
No. 2.—Particulars of Charges on Income.				
(Life Insurance Premiums should not be entered here, but on page 2.)				
Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof.		
		£	s.	d.
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage or Loan.	Rate per cent.			
Other annual Charges (if any)				
Total Charges				
Total Amount of Income FROM ALL SOURCES less Charges				

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this _____ day of _____ 1915

Signed _____

Private Residence _____

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section,† that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____ 191_____

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

† The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

Section F.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm _____

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partner's own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
		TOTAL	£	

I declare that I am*_____of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent. _____ Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 5

The return of a firm one of whose partners
claims relief.

N.B.—This is a simple case. See also No. 8.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the
Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 1915

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME

AMOUNT

FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :—

The Trade, Profession, or Business of Manufacturers
 carried on by Barter and Davies
 at 8, King's Road, S E
 The Employment or Vocation of
 carried on by me at

1,310

FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. :—

Particular source of such Income

FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :—

Interest of Money, Annuities, or other Annual Payments arising from Railways out }
 of the United Kingdom }
 Interest of Money, Annuities, or other Annual Payments derived from Property out }
 of the United Kingdom other than Railways }
 Interest arising from Securities of Indian or Colonial Governments or Companies....
 Interest arising from Foreign Securities.....

FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :—

Possessions in any of His Majesty's Dominions out of the United Kingdom.....
 Possessions in Foreign Countries.....

FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :—

Letting Furnished House at
 Other Sources (the particular source to be stated), viz. :—
 the amount whereof is computed according to (state basis of computation)

TOTAL..

1,310

Less: Amount claimed for Wear and Tear of Machinery and Plant }
 which should not be deducted in arriving at the above figures }

NET TOTAL..

1,310

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the

Given under my hand this 4th day of May 1914.G. Barter Signature.8 Kings Road S E Business Address.7, The Gardens, Eltham Private Residence.

Note.—A woman must state after her signature whether Married, Widow, or Spinster

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
 or 2. As precedent Acting Partner of a Firm;
 or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
 or 4. As the Officer of any Corporation or Company.

As precedent Acting
Partner of a Firm

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above
		£ s. d.

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me.

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.									
Abatement of	£160	"	"	"	"	exceeds £160 but does not exceed	£400.		
"	£150	"	"	"	"	"	£400	"	£500.
"	£120	"	"	"	"	"	£500	"	£600.
"	£70	"	"	"	"	"	£600	"	£700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred **BEFORE 30th SEPTEMBER** in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Vocation :—				
(b) From any Public Office or Employment not entered on page 2 hereof (<i>Name and Address of Company, Corporation or Public Department to be stated</i>) :—				
(c) From Property, including the annual value of the property which I own and occupy (<i>Precise address to be stated</i>) :				
(d) From the Occupation of Land :—				
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (<i>giving full particulars and stating whether taxed before receipt or not</i>) :—				
(f) Wife's Income, if not included above (<i>giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted</i>) :—				
Total .				

No. 2.—Particulars of Charges on Income.

(Life Insurance Premiums should not be entered here, but on page 2.)

Nature of the Charge.		Name and Residence of the Person to whom payable.		Annual Amount thereof.		
				£	s.	d.
Ground Rents						
Annuities						
Patent Royalties						
Interest on Mortgages or Loans:—						
Amount of Mortgage or Loan.	Rate per cent.					
Other annual Charges (if any)						
Total Charges						
Total Amount of Income FROM ALL SOURCES less Charges						

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this _____ day of _____ 191_____

Signed _____

Private Residence _____

A Woman must state after her signature whether Married, Widow, or Spinster.

Section E.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section‡, that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____ 191

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

‡ The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

Section F.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM, or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm Barter and Davies

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year.
	<u>nil</u>	
TOTAL £		

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
<u>Charles Barter</u>	<u>7 The Gardens, Epsom</u>	<u>Acting</u>	<u>873</u>	<u>Two thirds</u>
<u>David Davies</u>	<u>103, Long Road S.W</u>	<u>Acting</u>	<u>437</u>	<u>One third</u>
TOTAL £			<u>1,310</u>	

I declare that I am precedent acting partner of the Firm above described, and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent.

Barter Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 6

The personal return of a partner who claims
no relief and has no personal untaxed income.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the
Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME	AMOUNT		
	£	s.	d.
FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :-			
The Trade, Profession, or Business of _____			
carried on by <u>Included in Firm's Return</u>			
at _____			
The Employment or Vocation of _____			
carried on by me at _____			
FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. :-			
Particular source of such Income _____			
FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :-			
Interest of Money, Annuities, or other Annual Payments arising from Railways out of the United Kingdom.....			
Interest of Money, Annuities, or other Annual Payments derived from Property out of the United Kingdom other than Railways.....			
Interest arising from Securities of Indian or Colonial Governments or Companies....			
Interest arising from Foreign Securities.....			
FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :-			
Possessions in any of His Majesty's Dominions out of the United Kingdom.....			
Possessions in Foreign Countries.....			
FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :-			
Letting Furnished House at _____			
Other Sources (the particular source to be stated), viz. :- _____			
the amount whereof is computed according to (state basis of computation) _____			
TOTAL..			
Less: Amount claimed for Wear and Tear of Machinery and Plant } _____			
which should <i>not</i> be deducted in arriving at the above figures }			
NET TOTAL..			

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the _____

Given under my hand, this 4th day of May 1914

W. H. Gardner Signature
8 Kings Road S E Business Address
7 The Gardens, Eltham Private Residence

Note.—A woman must state after her signature whether Married, Widow, or Spinster.

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
 or 2. As precedent Acting Partner of a Firm;
 or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
 or 4. As the Officer of any Corporation or Company.

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above		
		£	s.	d.

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me.

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.									
Abatement of	£160	"	"	"	"	exceeds £160 but does not exceed	£400.		
"	£150	"	"	"	"	"	£400	"	£500.
"	£120	"	"	"	"	"	£500	"	£600.
"	£70	"	"	"	"	"	£600	"	£700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred **BEFORE 30th SEPTEMBER** in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.

Amount.

(a) From Trade, Profession, Employment, or Vocation :—

£ s. d.

(b) From any Public Office or Employment not entered on page 2 hereof (*Name and Address of Company, Corporation or Public Department to be stated*) :—

(c) From Property, including the annual value of the property which I own and occupy (*Precise address to be stated*) :

(d) From the Occupation of Land :—

(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (*giving full particulars and stating whether taxed before receipt or not*) :—

(f) Wife's Income, if not included above (*giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted*) :—

Total .

No. 2.—Particulars of Charges on Income.

(*Life Insurance Premiums should not be entered here, but on page 2.*)

Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof.		
		£	s.	d.
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage or Loan.	Rate per cent.			
Other annual Charges (if any)				
Total Charges				
Total Amount of Income FROM ALL SOURCES less Charges				

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1913, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this _____ day of _____ 191

Signed _____

Private Residence _____

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section,† that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____ 191

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

† The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm _____

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration,

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.

I declare that I am*_____of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent.

Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 7

The personal return of a partner who claims
abatement.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the
Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME	AMOUNT		
	£	s.	d.
FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :—			
The Trade, Profession, or Business of _____			
carried on by _____			
at _____			
The Employment or Vocation of _____			
carried on by me at _____			
FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUC- TION AND FROM DISCOUNTS, viz. :—			
Particular source of such Income _____			
FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :—			
Interest of Money, Annuities, or other Annual Payments arising from Railways out } of the United Kingdom..... }			
Interest of Money, Annuities, or other Annual Payments derived from Property out } of the United Kingdom other than Railways..... }			
Interest arising from Securities of Indian or Colonial Governments or Companies....			
Interest arising from Foreign Securities.....			
FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :—			
Possessions in any of His Majesty's Dominions out of the United Kingdom.....			
Possessions in Foreign Countries.....			
FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :—			
Letting Furnished House at _____			
Other Sources (the particular source to be stated), viz. :— _____			
the amount whereof is computed according to (state basis of computation) _____			
Less: Amount claimed for Wear and Tear of Machinery and Plant } which should not be deducted in arriving at the above figures }			
TOTAL..			
NET TOTAL..			

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the _____

Given under my hand this _____ day of _____ 191 _____

Signature.

Business Address.

Private Residence.

Note.—A woman must state after her signature whether Married, Widow, or Spinster.

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
or 2. As precedent Acting Partner of a Firm;
or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
or 4. As the Officer of any Corporation or Company.

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above
		£ s. d.
Daved Daves	Commercial Insurance Company	17 . .

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me.

D. Daves

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF
IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.					
Abatement of	£160	"	"	"	exceeds £160 but does not exceed £400.
"	£150	"	"	"	" £400 " " £500.
"	£120	"	"	"	" £500 " " £600.
"	£70	"	"	"	" £600 " " £700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred BEFORE 30th SEPTEMBER in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Vocation:—				
	Partner in Carter & Daines, 8 Kings Road SE	437		
(b) From any Public Office or Employment not entered on page 2 hereof (Name and Address of Company, Corporation or Public Department to be stated):—	nil			
(c) From Property, including the annual value of the property which I own and occupy (Precise address to be stated):—	nil			
(d) From the Occupation of Land:—	nil			
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (giving full particulars and stating whether taxed before receipt or not):—	Interest taxed before receipt	10		
(f) Wife's Income, if not included above (giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted):—	nil			
Total .		447		

No. 2.—Particulars of Charges on Income.

(Life Insurance Premiums should not be entered here, but on page 2.)

Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof.		
		£	s.	d.
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage or Loan.	Rate per cent.			
Other annual Charges (if any)				
Total Charges				

Total Amount of Income FROM ALL SOURCES less Charges

447

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this

4th day of May 1914

Signed

D. Daines

Private Residence

103, Long Road S.W.

A Woman must state after her signature whether Married, Widow, or Spinster

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section, that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____ 191

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

† The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm _____

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether " Sleeping " or " Acting " Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
		TOTAL	£	

I declare that I am*_____of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent.

Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 8

The return of a firm some of whose partners
claim relief.

N.B.—This is a more complicated case than Specimen
Return No. 5.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the
Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME	AMOUNT		
	£	s.	d.
FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :-			
The Trade, Profession, or Business of <u>Corn Merchants</u>			
carried on by <u>A. Worth & Sons</u>			
at <u>6. Barnett Avenue N</u>	1.135		
The Employment or Vocation of _____			
carried on by me at _____			
FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. :-			
Particular source of such Income _____			
FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :-			
Interest of Money, Annuities, or other Annual Payments arising from Railways out of the United Kingdom.....			
Interest of Money, Annuities, or other Annual Payments derived from Property out of the United Kingdom other than Railways.....			
Interest arising from Securities of Indian or Colonial Governments or Companies....			
Interest arising from Foreign Securities.....			
FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :-			
Possessions in any of His Majesty's Dominions out of the United Kingdom.....			
Possessions in Foreign Countries.....			
FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :-			
Letting Furnished House at _____			
Other Sources (the particular source to be stated), viz. :- _____			
the amount whereof is computed according to (state basis of computation) _____			
Less: Amount claimed for Wear and Tear of Machinery and Plant } which should not be deducted in arriving at the above figures }			
TOTAL..	1.135		
	10		
NET TOTAL..	1.125		

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the _____

Given under my hand this 17th day of May 1914

A. Worth Signature
6. Barnett Avenue N Business Address
Redcar, Basset Private Residence

Note.—A woman must state after her signature whether Married, Widow, or Spinster

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
or 2. As precedent Acting Partner of a Firm;
or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
or 4. As the Officer of any Corporation or Company

As precedent Acting Partner of a Firm

Section C CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above
		£ s. d.

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me.

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.					
Abatement of	£160	"	"	"	exceeds £160 but does not exceed £400.
"	£150	"	"	"	" £400 " " £500.
"	£120	"	"	"	" £500 " " £600.
"	£70	"	"	"	" £600 " " £700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred BEFORE 30th SEPTEMBER in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Vocation :—				
(b) From any Public Office or Employment not entered on page 2 hereof (<i>Name and Address of Company, Corporation or Public Department to be stated</i>) :—				
(c) From Property, including the annual value of the property which I own and occupy (<i>Precise address to be stated</i>) :				
(d) From the Occupation of Land :—				
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (<i>giving full particulars and stating whether taxed before receipt or not</i>) :—				
(f) Wife's Income, if not included above (<i>giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted</i>) :—				
Total .				
No. 2.—Particulars of Charges on Income. <i>(Life Insurance Premiums should not be entered here, but on page 2.)</i>				
Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof.		
		£	s.	d.
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage or Loan.	Rate per cent.			
Other annual Charges (if any)				
Total Charges				
Total Amount of Income FROM ALL SOURCES less Charges				

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this

day of

191

Signed

Private Residence

A Woman must state after her signature whether Married, Widow, or Spinster.

Section E.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section†, that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____ 191

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

‡ The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

Section F.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM, or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm

A. Worth & Sons

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year.
<i>Mrs D. Worth</i> (The annuity is £200, but £93 is paid out of income already taxed)	<i>Redcar, Barnet</i>	<i>107</i>
TOTAL £		<i>107</i>

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
<i>Alfred Worth</i>	<i>Redcar, Barnet</i>	<i>(Acting)</i>	<i>492</i>	<i>Salary £250, Interest on Capital £45, One half of balance</i>
<i>Bernard Worth</i>	<i>15, Rose Terrace</i>	<i>Acting</i>	<i>263</i>	<i>Salary £150, Interest on Capital £15, one quarter of balance</i>
<i>Cecil Worth</i>	<i>23, High Rd</i>	<i>Acting</i>	<i>263</i>	<i>Salary £150, Interest on Capital £15, one quarter of balance</i>
TOTAL £			<i>1,018</i>	

I declare that I am *precedent acting partner* of the Firm above described,

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent.

A. Worth Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 9

The personal return of a partner who makes no claim (except as regards insurance premiums) and who has no personal untaxed income.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 1915

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME

AMOUNT

£ s. d.

FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz.:-

The Trade, Profession, or Business of
carried on by Included in Firm's Return
at _____The Employment or Vocation of
carried on by me at _____FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUC-
TION AND FROM DISCOUNTS, viz.:-

Particular source of such Income _____

FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by
the Agent entrusted with payment thereof), viz.:-Interest of Money, Annuities, or other Annual Payments arising from Railways out
of the United Kingdom.....
Interest of Money, Annuities, or other Annual Payments derived from Property out
of the United Kingdom other than Railways.....
Interest arising from Securities of Indian or Colonial Governments or Companies....
Interest arising from Foreign Securities.....

nil

FROM COLONIAL AND FOREIGN POSSESSIONS, viz.:-

Possessions in any of His Majesty's Dominions out of the United Kingdom.....
Possessions in Foreign Countries.....FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING
HEADS, viz.:-

Letting Furnished House at _____

Other Sources (the particular source to be stated), viz.:- _____

the amount whereof is computed according to (state basis of computation) _____

TOTAL..

Less: Amount claimed for Wear and Tear of Machinery and Plant }
which should not be deducted in arriving at the above figures }

NET TOTAL..

General Declaration.

I declare that in the foregoing statement I have given a full and true Return
of the whole of the Income chargeable upon me under Schedule D of the Income
Tax Acts, estimated to the best of my judgment and belief according to the
directions and rules of the said Acts. I desire to be assessed by the _____Given under my hand this 7th day of May 1914.A. Worth

Signature.

6, Barnet Avenue N.

Business Address.

Redcot, Barnet

Private Residence.

Note.—A woman must
state after her signature
whether Married, Widow,
or Spinster.

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
or 2. As precedent Acting Partner of a Firm;
or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
or 4. As the Officer of any Corporation or Company.

On my own behalf

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.Name of Person on whose Life the
Assurance or Annuity is effectedName of Assurance Company or
Friendly SocietyAmount of Premiums
claimed as an Allow-
ance from the Profits
stated above

£ s. d.

Alfred WorthMutual Insurance
Company54I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I
have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have
I claimed an allowance for the same premiums from any other assessment upon me.A. Worth

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.									
Abatement of	£160	"	"	"	"	exceeds	£160	but does not exceed	£400.
"	£150	"	"	"	"	"	£400	"	£300.
"	£120	"	"	"	"	"	£300	"	£600.
"	£70	"	"	"	"	"	£600	"	£700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred **BEFORE 30th SEPTEMBER** in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.

Amount.

	£	s.	d.
(a) From Trade, Profession, Employment, or Vocation :—			
(b) From any Public Office or Employment not entered on page 2 herof (<i>Name and Address of Company, Corporation or Public Department to be stated</i>) :—			
(c) From Property, including the annual value of the property which I own and occupy (<i>Precise address to be stated</i>) :			
(d) From the Occupation of Land :—			
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (<i>giving full particulars and stating whether taxed before receipt or not</i>) :—			
(f) Wife's Income, if not included above (<i>giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted</i>) :—			
Total .			

No. 2.—Particulars of Charges on Income.

(*Life Insurance Premiums should not be entered here, but on page 2.*)

Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof.		
		£	s.	d.
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage or Loan.	Rate per cent.			
Other annual Charges (if any)				
Total Charges				

Total Amount of Income FROM ALL SOURCES less Charges

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this

day of

191

Signed

Private Residence

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section, that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____ 1911.

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

‡ The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm _____

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.

I declare that I am*_____of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent.

Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 10

The personal return of a partner who claims
abatement and other allowances.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the
Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME	AMOUNT		
	£	s.	d.
FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :—			
The Trade, Profession, or Business of _____			
carried on by _____			
at _____			
The Employment or Vocation of _____			
carried on by me at _____			
FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. :—			
Particular source of such Income _____			
FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :—			
Interest of Money, Annuities, or other Annual Payments arising from Railways out of the United Kingdom.....			
Interest of Money, Annuities, or other Annual Payments derived from Property out of the United Kingdom other than Railways.....			
Interest arising from Securities of Indian or Colonial Governments or Companies....			
Interest arising from Foreign Securities.....			
FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :—			
Possessions in any of His Majesty's Dominions out of the United Kingdom.....			
Possessions in Foreign Countries.....			
FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :—			
Letting Furnished House at _____			
Other Sources (the particular source to be stated), viz. :— _____			
the amount whereof is computed according to (state basis of computation) _____			
Less : Amount claimed for Wear and Tear of Machinery and Plant } which should not be deducted in arriving at the above figures }			
TOTAL..			
NET TOTAL..			

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the _____

Given under my hand this _____ day of _____ 191 _____

Signature.

Business Address.

Private Residence.

Note.—A woman must state after her signature whether Married, Widow, or Spinster.

STATE WHETHER THE RETURN IS MADE —

1. On your own behalf ;
 or 2. As precedent Acting Partner of a Firm ;
 or 3. As Trustee, Agent, Receiver, or Factor, and for whom ;
 or 4. As the Officer of any Corporation or Company.

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above
Bernard Worth	Home Insurance Company	£ 18 s. d.

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me.

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF
IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.					
Abatement of £160	"	"	"	"	exceeds £160 but does not exceed £400.
" £150	"	"	"	"	" £400 " £500.
" £120	"	"	"	"	" £500 " £600.
" £70	"	"	"	"	" £600 " £700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred BEFORE 30th SEPTEMBER in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No. 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Occupation:— <i>Partner in A. Worth & Sons, 6 Barnett Avenue N.</i>		26	3	
(b) From any Public Office or Employment not entered on page 2 hereof (Name and Address of Company, Corporation or Public Department to be stated):— <i>Nil</i>				
(c) From Property, including the annual value of the property which I own and occupy (Precise address to be stated):— <i>15, Rose Terrace, N.</i>		35		
(d) From the Occupation of Land:— <i>Nil</i>				
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (giving full particulars and stating whether taxed before receipt or not):— <i>Nil</i>				
(f) Wife's Income, if not included above (giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted):— <i>Nil</i>				
Total .		298		
No. 2.—Particulars of Charges on Income. (Life Insurance Premiums should not be entered here, but on page 2.)				
Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof. £ s. d.		
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage or Loan.	Rate per cent.			
200	5	10		
Other annual Charges (if any)				
Total Charges		10		
Total Amount of Income FROM ALL SOURCES less Charges		288		

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this

day of

May 1914

Signed

B. Worth

Private Residence

15, Rose Terrace, N.

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.)
George Worth	15, Rose Terrace ⁿ	July 1st, 1900	15 Rose Terrace ⁿ
Beatrice Worth	do	Oct. 31st 1903	do

I declare that the above-named children two (in number) are my children within the statutory definition at the foot of this Section; that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this 7th day of May 1911.
B. Worth Signature.

* The full name of each child should be entered on a separate line.
† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.
‡ The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

Section F. DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM, or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm _____

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
		TOTAL	£	

I declare that I am* _____ of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent. _____ Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 11

The personal return of a partner who claims
abatement and an allowance in respect of
insurance premiums. He pays interest on
loan.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the
Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

Signature.

Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME	AMOUNT		
	£	s.	d.
FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :—			
The Trade, Profession, or Business of _____			
carried on by _____			
at _____			
The Employment or Vocation of _____			
carried on by me at _____			
FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. :—			
Particular source of such Income _____			
FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :—			
Interest of Money, Annuities, or other Annual Payments arising from Railways out of the United Kingdom.....			
Interest of Money, Annuities, or other Annual Payments derived from Property out of the United Kingdom other than Railways.....			
Interest arising from Securities of Indian or Colonial Governments or Companies....			
Interest arising from Foreign Securities.....			
FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :—			
Possessions in any of His Majesty's Dominions out of the United Kingdom.....			
Possessions in Foreign Countries.....			
FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :—			
Letting Furnished House at _____			
Other Sources (the particular source to be stated), viz. :— _____			
the amount whereof is computed according to (state basis of computation) _____			
TOTAL..			
Less: Amount claimed for Wear and Tear of Machinery and Plant } which should not be deducted in arriving at the above figures }			
NET TOTAL..			

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the _____

Given under my hand this _____ day of _____ 191 _____

Signature.

Business Address.

Private Residence.

Note.—A woman must state after her signature whether Married, Widow, or Spinster.

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
or 2. As precedent Acting Partner of a Firm;
or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
or 4. As the Officer of any Corporation or Company.

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above		
		£	s.	d.
Cecil Worth	Mutual Insurance Company	12		

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.					
Abatement of £160	"	"	"	"	exceeds £160 but does not exceed £400.
" £150	"	"	"	"	" £400 " " £500.
" £120	"	"	"	"	" £500 " " £600.
" £70	"	"	"	"	" £600 " " £700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is Earned Income, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred BEFORE 30th SEPTEMBER in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.		Amount.		
		£	s.	d.
(a) From Trade, Profession, Employment, or Vocation :— <i>Partner in Aldworth & Co 61 Barnett Avenue N</i>		263		
(b) From any Public Office or Employment not entered on page 2 hereof (Name and Address of Company, Corporation or Public Department to be stated) :— <i>Nil</i>				
(c) From Property, including the annual value of the property which I own and occupy (Precise address to be stated) :— <i>Nil</i>				
(d) From the Occupation of Land :— <i>Nil</i>				
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (giving full particulars and stating whether taxed before receipt or not) :— <i>Nil</i>				
(f) Wife's Income, if not included above (giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; if there be no Income from this source, the word "None" should be inserted) :— <i>Nil</i>				
Total .		263		
No. 2.—Particulars of Charges on Income. (Life Insurance Premiums should not be entered here, but on page 2.)				
Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof. £ s. d.		
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage Loan.	Rate per cent.			
<i>£100</i>	<i>4</i>			
Other annual Charges (if any)				
Total Charges		4		
Total Amount of Income FROM ALL SOURCES less Charges		259		

I declare that the above statement contains a full, just, and true account and return of the Whole of my Income from every source whatsoever, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this

day of

May 1914.

Signed

E. Aldworth

Private Residence

23, High Road N

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Relief is only allowable where the total income does not exceed £500. No allowance can be made for the Year 1914-15 in respect of children born on or before 6th April, 1898, or after 6th April, 1914.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Brth. (Precise address to be stated.)

I declare that the above-named children † (in number) are my children within the statutory definition at the foot of this Section†, that they were living on the 6th April, 1914, and that the above particulars are true and correct in all respects.

Dated this _____ day of _____ 191

Signature.

* The full name of each child should be entered on a separate line.

† If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

† The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

Section F.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

1. Full description or style of the Firm _____

2. Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums) payable out of the profits or gains.

Interest on partners' own capital and salaries of partners are not to be included here but under head (3).

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year
	TOTAL	£

3. Particulars of the share of each partner in the net total profits of the Firm entered on page 2, after deducting the amount of the payments included under head (2) of this Declaration.

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
		TOTAL £		

I declare that I am*_____ of the Firm above described.

and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State whether precedent acting partner, or agent.

Signature.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,

For the Year ending 5th April, 1915.

SPECIMEN RETURN

No. 12

The return of a company.

Section A

I have already made a Return of the whole of my Income chargeable under Schedule D of the Income Tax Acts for the year ending 5th April, 1915, from

(State precise address) _____

If a Partner in a Firm, state full description of Firm _____

If an Employee, state name of Employer _____

Given under my hand this _____ day of _____ 191

_____. Signature,

_____. Address.

Section B

STATEMENT OF UNTAXED INCOME FOR ASSESSMENT UNDER
SCHEDULE D.

SOURCE OF INCOME	AMOUNT		
	£	s.	d.
FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. :—			
The Trade, Profession, or Business of <u>Manufacturers</u>			
carried on by <u>the Oldcastle Manufacturing Co. Ltd.</u>	6,938		
at <u>Oldcastle</u>			
The Employment or Vocation of _____			
carried on by me at _____			
FROM BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION AND FROM DISCOUNTS, viz. :—			
Particular source of such Income _____			
FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent entrusted with payment thereof), viz. :—			
Interest of Money, Annuities, or other Annual Payments arising from Railways out of the United Kingdom.....			
Interest of Money, Annuities, or other Annual Payments derived from Property out of the United Kingdom other than Railways.....			
Interest arising from Securities of Indian or Colonial Governments or Companies....			
Interest arising from Foreign Securities.....			
FROM COLONIAL AND FOREIGN POSSESSIONS, viz. :—			
Possessions in any of His Majesty's Dominions out of the United Kingdom.....			
Possessions in Foreign Countries.....			
FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS, viz. :—			
Letting Furnished House at _____			
Other Sources (the particular source to be stated), viz. :— _____			
the amount whereof is computed according to (state basis of computation) _____			
TOTAL..	6,938		
Less: Amount claimed for Wear and Tear of Machinery and Plant)			
which should not be deducted in arriving at the above figures)	635		
NET TOTAL..	6,303		

General Declaration.

I declare that in the foregoing statement I have given a full and true Return of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts. I desire to be assessed by the _____

Given under my hand this 18th day of May 1914.

J. James Signature.
Oldcastle Business Address.
Private Residence

Note.—A woman must state after her signature whether Married, Widow, or Spinster.

STATE WHETHER THE RETURN IS MADE—

1. On your own behalf;
or 2. As precedent Acting Partner of a Firm;
or 3. As Trustee, Agent, Receiver, or Factor, and for whom;
or 4. As the Officer of any Corporation or Company

As Secretary of a
Company

Section C

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE
PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of Person on whose Life the Assurance or Annuity is effected	Name of Assurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the Profits stated above
		£ s. d.

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this form, nor have I claimed an allowance for the same premiums from any other assessment upon me.

Signature.

Section D.

CLAIM FOR EXEMPTION OR ABATEMENT, OR FOR RELIEF IN RESPECT OF EARNED INCOME.

Total Exemption may be claimed when the Income FROM ALL SOURCES does not exceed £160 per annum.									
Abatement of	£160	"	"	"	"	exceeds	£160	but does not exceed	£400.
"	£150	"	"	"	"	"	£100	"	£500.
"	£120	"	"	"	"	"	£500	"	£600.
"	£70	"	"	"	"	"	£600	"	£700.

RELIEF IN RESPECT OF EARNED INCOME.

When the Income FROM ALL SOURCES does not exceed £2,500, and any part of that Income is **Earned Income**, a Claim may be made for reduction of the Income Tax on the Earned Income to the lower rate applicable thereto. In order to obtain this relief a claim must be preferred at the time the Return is made, and must in any case be preferred **BEFORE 30th SEPTEMBER** in the year for which the Tax is charged, otherwise Income Tax at the highest rate in force must be charged.

The Claimant must set forth every source of his Income, with the amount derived from each source, whether Tax has been paid on it or not. The word "None" should be written in any of the spaces (a) to (f) under the heading of which the claimant has no income. If there is not sufficient room to set out the Income in full hereon, particulars may be given on a separate sheet and the totals brought to this page.

No 1.—Particulars of Income.

Amount.

	£	s.	d.
(a) From Trade, Profession, Employment, or Vocation :—			
(b) From any Public Office or Employment not entered on page 2 hereof (<i>Name and Address of Company, Corporation or Public Department to be stated</i>) :—			
(c) From Property, including the annual value of the property which I own and occupy (<i>Precise address to be stated</i>) :			
(d) From the Occupation of Land :—			
(e) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page (<i>giving full particulars and stating whether taxed before receipt or not</i>) :—			
(f) Wife's Income, if not included above (<i>giving full particulars and stating whether taxed before receipt or not. If included above, it should be so stated; should there be no Income from this source, the word "None" should be inserted</i>) :—			
Total .			

No. 2.—Particulars of Charges on Income.

(Life Insurance Premiums should not be entered here, but on page 2.)

Nature of the Charge.	Name and Residence of the Person to whom payable.	Annual Amount thereof.		
		£	s.	d.
Ground Rents				
Annuities				
Patent Royalties				
Interest on Mortgages or Loans:—				
Amount of Mortgage or Loan.	Rate per cent.			
Other annual Charges (if any)				
Total Charges				

Total Amount of Income FROM ALL SOURCES less Charges

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 1915, estimated according to the directions of the Income Tax Acts, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this _____ day of _____ 1915

Signed _____

Private Residence _____

A Woman must state after her signature whether Married, Widow, or Spinster.

CLAIM FOR RELIEF IN RESPECT OF A CHILD OR CHILDREN.

Full Christian Names and Surname of each child.* (Where a stepchild it should be so stated.)	Where residing on 6th April, 1914.	Date and year of Birth.	Place of Birth. (Precise address to be stated.).

Dated this _____ day of _____ 191

† The expressions "child" and "children" for the purpose of this claim include stepchild and stepchildren, but not illegitimate child nor illegitimate children unless the parents shall, after the birth of such illegitimate child or children, have married each other.

DECLARATION BY THE PRECEDENT ACTING PARTNER IN A FIRM,
or by the Agent if none of the Partners is resident in the United Kingdom.

If there are no Charges, the word "NONE" should be inserted. It is not sufficient to leave this space blank.

Names of persons to whom payable.	Addresses.	Amount payable for the current year

Names of the Partners at 6th April, 1914.	Residences of the Partners.	State in each case whether "Sleeping" or "Acting" Partner.	Amount of each Partner's share of the Profits.	Basis of Distribution of Profits under Partnership at 6th April, 1914.
		TOTAL	£	

* State whether precedent acting partner, or agent. _____ Signature.

signature of the precedent acting partner. As one of the partners claims relief, the firm's return form on page 4 must be completed fully. Messrs. Carter and Davies pay no interest, annuities, etc. In 1914 C. Carter will take two-thirds of the profits and D. Davies one-third. (In 1913 and earlier years the basis of division was different, but this is immaterial for purposes of the 1914/15 assessment.) The firm's return will be completed as shown in SPECIMEN RETURN No. 5.

The partners will each have received a form requiring a personal return. C. Carter has considerable private income and cannot claim the earned income relief. He has no untaxed income, however, beyond that included in the firm's assessment; he pays no life insurance premiums. D. Davies has £200 invested at 5 per cent. on account of which he receives £9 7s. 6d. (£10 less income tax, 12s. 6d.); he has insured his own life and pays an annual premium of £17.

The personal return of C. Carter is as shown on SPECIMEN RETURN No. 6.

The personal return of D. Davies is as shown on SPECIMEN RETURN No. 7.

The assessment on the firm will be as follows—

Gross	£1,310
C. Carter	£873
D. Davies	£437
Less Abatement ..	£150
„ Insurance ..	17
	167
	£270
At 1s. 3d.	£873
At 9d.	270
	Duty £54 11 3
	10 2 6
Total charge on Firm.. ..	£64 13 9

Specimen Returns Nos. 8, 9, 10 and 11.—*The return of a firm and the personal returns of three partners, two of whom claim relief: the firm pays interest and owns property.*

A. Worth, B. Worth, and C. Worth are partners in the firm of A. Worth & Sons, corn merchants. The firm's profit and loss account is printed on page 7 and the income tax adjustment on page 8.

NOTE.—Firms' assessments and returns are discussed on pages 197 and 200.

The profits (after adjustment for income tax purposes) have been as follows—

1911 ..	..	£1,045
1912 ..	..	1,154
1913 ..	..	1,206
		3)3,405
		£1,135 to be assessed in 1914/15

Other facts may be taken as follows—

(1) The firm is entitled to a deduction of £10 in respect of depreciation of plant and machinery (see adjustment on page 8). The allowance is arrived at as shown on page 171.

(2) The firm pays an annuity of £200 to Mrs. D. Worth, £25 interest on mortgage, £15 ground rent, and about £10 interest on bank overdraft. The first three items have not been allowed as deductions from profits. The interest on bank overdraft has been allowed as a trade expense (see page 114).

(3) The firm receives £15 interest from J. Francis, who deducts tax therefrom, and £18 dividends also taxed before receipt. It also owns premises assessed to property tax on £120 gross and £100 nett. These items are not included in the profits as adjusted for income tax purposes, having suffered tax in other ways as shown.

(4) *A. Worth* draws salary £250, and interest on capital £45; *B. Worth* draws salary £150, and interest on capital £15; *C. Worth* draws salary £150, and interest on capital £15 (he drew £10 interest on capital in 1912 as shown in the account, but in 1913 he will draw the larger sum referred to). The three partners divide the balance of profit as follows: *A. Worth*, a half; *B. Worth*, a quarter; and *C. Worth*, a quarter.

(5) *A. Worth* has a private income and altogether is in receipt of more than £2,500 per annum. He is, therefore, precluded from claiming relief. He pays £54 premium on a policy taken out on his own life.

(6) *B. Worth* pays £18 insurance premium on his own life and has two children under sixteen; he owns a house assessed at £42 gross and £35 nett, but pays £10 interest on a mortgage of £200. He has no other income or charges.

(7) *C. Worth* pays £12 life insurance; he has no income apart from

his interest in the firm, but has borrowed £100 at 4 per cent. on the security of his life insurance policy.

The firm's return. The only positive requirement is that page 2 of Form 11 shall be completed by A. Worth, the precedent acting partner, and that the style of the firm and the names of the partners shall be inserted on page 4. A. Worth will insert £1,135 on page 2 and will claim an allowance of £10 in respect of depreciation. He will set forth the other information referred to on page 4 (adding his signature to each page). But, knowing that his partners wish to claim abatement and relief, he will include further facts on the latter page. The second sub-heading of the firm's return on this page calls for particulars of annuities, interest on loans, etc., paid out of the profits (assumed to be £1,125 after the allowance of £10). It will be observed that the firm pays (a) an annuity of £200 to Mrs. D. Worth, (b) £10 on bank overdraft (but this is not regarded as an annual charge as is shown on page 114, and has moreover been allowed as a deduction from profits), (c) £25 interest on mortgage and (d) £15 ground rent. As regards (a), (c) and (d), it must be remembered that the object of the firm's return on page 4 is to show how the profits are divided. If the firm's assessment were to be charged at the highest rate (as in the case of Specimen Return No. 2) the authorities would not be interested in this information. As certain partners claim a lower rate, however, the authorities must be satisfied, first, as to what portion of profits is paid to outsiders (the lower rate may not be allowed on this portion) and, secondly, as to what portion of the balance falls to the share of partners who are entitled to a lower rate. Sub-heading (2) of the firm's return on page 4 must be completed so as to show what portion of the assessable profits is paid to outsiders. The charges may be shown as follows—

Annuity	..	..	£200
Mortgage interest	..	..	25
Ground Rent	..	..	15
			£240

It might seem that these charges should all be set down in the space under consideration and that £240 of the assessable profit (£1,125) should be charged at the highest rate without further

question. (Tax at the highest rate should of course be deducted from each of these payments.) But the firm is entitled to point out that it has certain income which by its very nature is charged at the highest rate, *i.e.*—

Premises (charged under Schedule A)	..	..	£100
Dividends (taxed before receipt)	..	..	18
Interest (do. do.)	..	..	15
			£133

£133 of the £240 may be regarded as being payable not out of the assessable profits (£1,125) but out of the £133 charged at the highest rate. The firm may reason, therefore, that the mortgage interest £25, the ground rent £15 and £93 of the annuity are not paid out of the profits, and that the balance only of the annuity (£107) need be set down under sub-heading (2) of the return on page 4. The space in question will, therefore, be completed as shown on SPECIMEN RETURN No. 8.

(An alternative but more complicated way of ascertaining liability is indicated within brackets on page 56.)

It remains now for the firm to complete the third sub-heading on page 4, the object of which is to show how the firm's profit should be divided after payment of the charges referred to above. It should be remembered—

(1) That £1,125 (£1,135 less £10 depreciation) is regarded as the firm's profit; the profit actually made in 1914/15 is not material;

(2) That the basis of division is that of the year of assessment (1914/15) irrespective of the division in past years. The question to be answered is as follows:—"If the firm were actually to make a profit of £1,125 in 1914/15, how would it be divided amongst the partners after paying the charges £107?" The division will be as follows—

<i>Profit</i>	£1,125
<i>Deduct Charges</i>	107
	£1,018
<i>Salaries and Interest on Capital—</i>	
A. Worth (£250 + £45)	£295
B. Worth (£150 + £15)	165
C. Worth (£150 + £15)	165
	625
Leaving	£393

of which *A. Worth* takes one half (£197), *B. Worth* one quarter (£98), and *C. Worth* one quarter (£98). When these sums are added to the partners' salaries and interest on capital the following result is obtained—

<i>Charges</i>	..	..	£107
<i>A. Worth</i> (£295 + £197)	..	..	492
<i>B. Worth</i> (£165 + £98)	..	..	263
<i>C. Worth</i> (£165 + £98)	..	..	263
			£1,125

The firm's return may now be completed as shown in SPECIMEN RETURN No. 8.

Each partner must now complete his personal return.

A. Worth's return. *A. Worth* can make no claim except in respect of his insurance premium, but he must regard the form as requiring him to return any untaxed income he possesses in addition to that included in the firm's assessment. Assuming that he has none his return will appear as shown in SPECIMEN RETURN No. 9.

B. Worth's return. At the foot of page 2, *B. Worth* should make a claim to an allowance in respect of his life insurance premium, £18, and at the head of page 4 he should claim an allowance in respect of his two children. Page 3 provides an opportunity of claiming abatement and an earned income rate. This should be done by completing a statement of total income from all sources in accordance with the direction given on page 44. It should be noted that *B. Worth* owns a quarter share of the firm's taxed income, viz.—

$\frac{1}{4}$ of Property ..	£100	=	£25	0
„ Dividends ..	18	=	4	10
„ Interest ..	15	=	3	15
			£33	5

But that, in addition to his own mortgage interest (see page 52), he is responsible for $\frac{1}{4}$ of the charges which the firm meets out of its taxed income (see page 54: $\frac{1}{4}$ of £133 = £33.5). Both of these items may therefore be ignored.

B. Worth's return will, therefore, appear as shown in SPECIMEN RETURN No. 10.

(The alternative method referred to within brackets on page 54 would be to show the full charges £240 on page 4 of the firm's Form 11; the share falling to A. Worth, B. Worth and C. Worth would be reduced by £66 10s., £33 5s., and £33 5s. respectively. When B. Worth came to declare his total income from all sources he would show £33 5s. as his share of the firm's taxed income, without any corresponding charges (thereby increasing his total income to the same amount as shown on the specimen return given). The same applies to C. Worth. In making the assessment on the firm a further calculation would be necessary. The firm's taxed income, £133, would then need to be set against the firm's charges, £240, the balance of £107 retained at 1s. 4d., and the partners' shares adjusted. All this might with advantage have been done when the returns were being completed and the method adopted in the specimen returns is strongly preferred.)

C. Worth's return. C. Worth should make the necessary claim to allowance in respect of his insurance premium, £12. In declaring his total income from all sources on page 3, he may ignore $\frac{1}{4}$ of the firm's taxed income and $\frac{1}{4}$ of the firm's charges, as was shown in the case of B. Worth. He should show the interest (£4) which is payable on his private loan. C. Worth's return will appear as shown in SPECIMEN RETURN No. 11.

The firm's assessment. The assessment on the firm must be made in one sum, and the partners' shares may not be distinguished on the legal notice of assessment or on the demand note. The assessment will be arrived at as shown below, and the partners' shares will be seen.

Charges	£107 at 1s. 3d.
A. Worth	£492
Less Insurance	54
	438 at 1s. 3d.
B. Worth	£263
Less Abatement	£160
„ Insurance	18
„ Children	40
	218
	45 at 9d.
C. Worth	£263
Less Abatement	£160
„ Insurance	12
	172
	91
	{ 4 at 1s. 3d. (to cover Int.)
	{ 87 at 9d.

ASSESSMENT

Gross	£1,135
Less Depreciation	£10
„ Insurance (£54 + £18 + £12) ..	84
Abatements (£160 + £160)	320
Children	40
	454
Nett	£681
Rates—	
At 1s. 3d. (£107 + £438 + £4) ..	£549
At 9d. (£45 + £87)	132
	£681
Duty charged on firm—	
£549 at 1s. 3d. =	£34 6 3
£132 at 9d. =	£4 19 0

Specimen Return No. 12.—*Return of a Company.*

The profits of the Oldcastle Manufacturing Company, Ltd. (after adjustment for income tax purposes as directed in Chapter II) have been as follows—

1911	£6,843
1912	6,927
1913	7,044
	3)20,814
	£6,938 to be assessed in 1914/15

The company is entitled to an allowance of £635 in respect of the depreciation of its machinery. This amount is arrived at as shown on page 171.

The return should be made by the secretary (or the person performing the duties of secretary) as shown in SPECIMEN RETURN No. 12.

Duty charged—	
£6,303 at 1s. 3d. =	£393 18 9

CHAPTER VIII

ASSESSMENTS ON PROPERTY (HOUSES AND LANDS)

Rules of Assessment—Examples—General Notes

THE purpose of this chapter is to illustrate by practical examples the rules respecting assessments on property. The law on the subject is set forth on pages 341 and 344. In brief, it provides for assessments as follows—

Under Schedule A, in respect of the owner's profit by way of rent, etc. The assessment should be made on the annual value (see page 102) of the property, and deductions should be allowed in respect of repairs (see page 329), land tax (see page 260), the amount of any drainage rate (see page 177), and the average expenditure on sea walls over the preceding twenty-one years (see page 179). The amount of any tithe which is payable may be included in the assessment or may be charged separately or the tithe owner.

Under Schedule B, in respect of the profits of persons occupying land. The charge is made on one-third of the annual value of the lands occupied (see page 344).

Inhabited House Duty assessments will also be dealt with (see page 244).

As regards the lower rates allowed to small unearned incomes, see page 322.

EXAMPLE 1.—A house is let for £42, the landlord executing all repairs.

ASSESSMENT					
<i>Schedule A</i> —Gross	..	..	..	..	£42
Less Repairs (one-sixth)	..	..	..	..	7
Nett	..	..	..	..	£35
<i>Schedule B</i>	..	..	..	..	Nil
<i>Inhabited House Duty</i>	..	..	..	..	£42 at 6d.

See page 332 for specimen assessment, in which the allowance for repairs has been restricted.

EXAMPLE 2.—Certain lands are let for £120. There are no buildings thereon. The landlord executes any necessary repairs. There is no tithe, but £5 land tax is paid by the landlord.

ASSESSMENTS

<i>Schedule A</i> —Gross	£120
Less Repairs (one-eighth) ..	£15
„ Land Tax	5
	20
Nett	
	£100
<i>Schedule B</i> —Gross	£120
Nett (one-third)	£40
<i>Inhabited House Duty</i>	Nil

This case illustrates a simple assessment on lands, without complications.

EXAMPLE 3.—Certain lands are let for £210. The landlord executes any necessary repairs and the tenant bears the land tax, £6. There is no tithe.

ASSESSMENTS

<i>Schedule A</i> —Gross (£210 + £6) .. .	£216
Less Repairs (one-eighth) ..	£27
„ Land Tax	6
	33
Nett	
	£183
<i>Schedule B</i> —Gross	£216
Nett (one-third)	£72
<i>Inhabited House Duty</i>	Nil

This example illustrates the difference between the rent and the annual value when the tenant bears a burden which is regarded as the landlord's. The consideration paid for the lands is £210 (the nominal rent) plus £6 (the land tax paid by the tenant). If the landlord were to pay his own land tax he would no doubt increase the rent to £216. The same rule applies when the tenant bears any other of the landlord's burdens, *e.g.*, drainage rate, tithe, etc.

EXAMPLE 4.—A tenant holds land under two leases, (a) for husbandry at a rent of £226, and (b) for shooting at a rent of £14. The landlord executes any necessary repairs. There is no tithe or land tax.

ASSESSMENTS

<i>Schedule A</i> —Gross (£226 + £14)	£240
Less Repairs (one-eighth)	30
Nett	<u>£210</u>
<i>Schedule B</i> —Gross	£240
Nett (one-third)	<u>£80</u>
<i>Inhabited House Duty</i>	Nil

This example illustrates the decision in *Revell v. Scott* (see page 345). The annual value of land for sporting purposes should be included in the assessments under Schedules A and B.

EXAMPLE 5.—A farmer pays £240 rent for a farm and farmhouse, the farmhouse being worth £24 per annum. The landlord executes repairs and pays land tax £10 and drainage rate £2. There is no tithe.

ASSESSMENTS

<i>Schedule A</i> —Gross	£240
Less Repairs (one-eighth)	£30
„ Land Tax	10
„ Drainage Rate	2
	<u>42</u>
Nett	<u>£198</u>
<i>Schedule B</i> —Gross	£240
Nett (one-third)	<u>£80</u>
<i>Inhabited House Duty</i>	£24 at 2d.

This case illustrates the rule that a farmhouse and farm-buildings assessed with a farm are subject to the same rate of allowance in respect of repairs as land (*i.e.*, one-eighth of the annual value). As the farmhouse is rented by the farmer for farm purposes it is charged on the lower scale of house duty (see page 244).

EXAMPLE 6.—A farmer pays £390 rent for a farm, including a farmhouse worth £18 a year, farm-buildings worth £6 a year, and labourers' cottages worth £30 a year. There is no land tax or tithe, and the landlord executes repairs.

ASSESSMENTS

<i>Schedule A</i> —Gross	..	..	..	..	£390
Less Repairs ($\frac{1}{6}$ of £30)	..			£5	
„ ($\frac{1}{8}$ of £360)	..			45	
				—	50
Nett	..	..	..	..	£340
<i>Schedule B</i> —Gross (£390 less £30 cottages)	..				£360
Nett (one-third)	..	..	..		£120

Inhabited House Duty .. £24 at 2d. on the farmhouse and buildings.

This example illustrates the rule that labourers' cottages are not regarded as farm-buildings in estimating the allowance for repairs, neither is their annual value included in the Schedule B assessment. It will be observed that the value of the farm-buildings is included in the house duty assessment on the farmhouse. The cottages are, of course, worth less than £20 a year each, and are therefore exempt from house duty.

EXAMPLE 7.—A farmer owns and occupies a farm and farmhouse. The land is considered to be worth £240 a year and the farmhouse £30.

ASSESSMENTS

<i>Schedule A</i> —Gross	..	..	..	..	£270
Less Repairs ($\frac{1}{6}$ of £30)	..			£5	
„ ($\frac{1}{8}$ of £240)	..			30	
				—	35
Nett	..	..	..	..	£235
<i>Schedule B</i> —Gross	..	..	..	..	£240
Nett (one-third)	..	..	..		£80
<i>Inhabited House Duty</i>	..	..	..	£30 at 3d.	

This example illustrates the rule that where a farmhouse is not *let* with a farm, the farmhouse is not assessed under Schedule B, and house duty is charged on the higher scale. If a farmhouse is used otherwise than for purposes of husbandry (*e.g.*, by a butcher) the same rules apply.

EXAMPLE 8.—A farmer pays £240 rent for certain lands. The landlord bears the cost of repairs and pays tithe £15. There is no land tax. The tithe is not separately assessed.

ASSESSMENTS

<i>Schedule A</i> —Gross	..	..	..	..	£240
Less Repairs (one-eighth)				..	30
Nett	..	..	..	..	<u>£210</u>
<i>Schedule B</i> —Gross	..	..	..	..	£240
Nett (one-third)	..	..	..	..	<u>£80</u>
<i>Inhabited House Duty</i>	..	..	Nil		

The landlord is entitled to deduct tax from the tithe rent charge, and will therefore be assessed on the full rent received less repairs, etc. It will be seen that he ultimately suffers tax on £170, and the tithe-owner on £40.

EXAMPLE 9.—A farmer pays rent £280 for certain land. The landlord bears the cost of repairs and pays tithe £20. The tithe for the whole parish is assessed separately on the tithe owner.

ASSESSMENTS

<i>Schedule A</i> —Gross (£280 less £20)	..	..	£260
Less Repairs ($\frac{1}{8}$ of £280)	..	..	35
Nett	..	..	<u>£225</u>
<i>Schedule B</i> —Gross	..	..	£280 0 0
Nett (one-third)	..	..	<u>£93 6 8</u>
<i>Inhabited House Duty</i>	..	..	Nil

When the tithe is separately assessed, the Schedule A assessment on the farm should not include the value thereof. The allowance for repairs should, however, be based on the total value of the lands, *i.e.*, on the annual value including tithe. The Schedule B assessment should be based on one-third of the aggregate annual value. In assessing the tithe no allowance will be made for repairs (see page 376).

EXAMPLE 10.—A farmer pays rent £320 for a farm, including a farmhouse of annual value £36 and labourers' cottages of a total annual value £42. He also pays land tax £10 and tithe £30. The landlord bears the cost of repairs and pays a drainage rate of £2. The tithe is not separately assessed.

ASSESSMENTS

<i>Schedule A</i> —Gross (£320 + £10 + £30)	..	..	..	..	£360	0	0
Less Repairs ($\frac{1}{6}$ of £42)	..	..	..	..	£7	0	0
„ „ ($\frac{1}{8}$ of [£360 - £42])	..	..	..	..	39	15	0
„ Land Tax	..	..	..	..	10	0	0
„ Drainage Rate	..	..	..	..	2	0	0
						58	15 0
Nett	..	..	..	..	£301	5	0
<i>Schedule B</i> —Gross (£360 - £42)	..	..	..	..	£318	0	0
Nett (one-third)	..	..	..	..	£106	0	0
<i>Inhabited House Duty</i>	..	..	£36	at 2d.			

This example illustrates the combined application of the rules indicated in Examples 3, 6 and 8.

EXAMPLE 11.—A tenant pays £240 a year for a farm and £22 for the shooting rights. The farmhouse is worth £21 per annum, the farm-buildings £9. The tenant farms the lands and also carries on the trade of blacksmith at the farmhouse. He bears the land tax assessed on the farm, £8. The landlord executes repairs and pays tithe, £25. The tithe for the whole parish is separately assessed.

ASSESSMENTS

<i>Schedule A</i> —Gross (£240 + £22 + £8 = £270; deduct tithe £25)	£245	0	0
Less Repairs ($\frac{1}{6}$ of £30)	£5	0	0
„ „ ($\frac{1}{8}$ of £270 - £30)	30	0	0
„ Land Tax	8	0	0
	43	0	0
Nett	£202	0	0
<i>Schedule B</i> —Gross (£270 - £30)	£240	0	0
Nett (one-third)	£80	0	0
<i>Inhabited House Duty</i>	..	..	£30 at 3d.

This example illustrates the combined application of the rules indicated in Examples 3, 4, 5, 7 and 8.

EXAMPLE 12.—A tenant pays rent £300 for a farm, and also bears the cost of repairs. The farmhouse is worth £22 a year, the farm-buildings £6, and cottages included in the lease £30. The landlord spent £22 in the preceding year in repairing an embankment protecting the lands from a tidal river. Within the twenty previous years £104 had been expended for this purpose. The landlord pays land

tax £4, and tithe £24. The tithe for the whole parish is assessed in one sum on the tithe owner.

The commissioners have to determine the amount of the tenant's rack-rent (see page 319), and must take into consideration the fact that the tenant bears the cost of repairs. In the case of a farm the repairs may not be very heavy, and a small sum, if any, would be added to the rent in respect of this landlord's burden borne by the tenant.

ASSESSMENTS

<i>Schedule A</i> —Gross (£300 + say £6 for repairs; deduct tithe £24)	£282	0	0
Less Repairs ($\frac{1}{8}$ of £30) ..	£5	0	0
„ „ ($\frac{1}{8}$ of [£306 - £30]) ..	34	10	0
„ Land Tax ..	4	0	0
„ Embankment (£22 + £104 ÷ 21)	6	0	0
		49	10 0
Nett		£232	10 0
<i>Schedule B</i> —Gross (£306 - £30)	£276	0	0
Nett (one-third)	£92	0	0
<i>Inhabited House Duty</i>	£28	at	2d.

This example illustrates the allowance in respect of embankments (see page 329). The note respecting repairs should also be observed.

General Notes.

A farmer may elect to be charged under Schedule B according to the rules of Schedule D, *i.e.*, on his average profits over three years. When a loss has been incurred certain adjustments may be claimed (see page 193).

In the case of certain cottages and lands the cost of repairs, maintenance, insurance, and management (beyond that already allowed for) may be allowed from the assessment by way of repayment (see pages 80 and 330). The allowance made in respect of a loss of profits owing to floods and tempests is dealt with on page 205.

It should be noted that exemption or abatement may be claimed as against any assessment made in accordance with the examples shown above. The nett assessment is the essential one in connection with such a claim (see pages 89 and 344). An earned income rate may be allowed under Schedule B when the income in

question is immediately derived by the individual assessed from the carrying on or exercise by him of his trade, etc. (See pages 178 and 322 for the rules governing this relief.)

Duty under Schedule A and Schedule B is required to be paid by the person assessed as occupier. He should deduct the former from his next payment of rent, but must bear the latter himself as shown on pages 375.

CHAPTER IX

REPAYMENT CLAIMS

Time Limit—The Production of Receipts, Vouchers, Certificates, etc.—Vouchers Not in the Claimant's Name—By Whom a Claim should be Made—Exemption—Abatement—Earned Income Relief—Life Insurance—Children—Repairs, Maintenance, etc., of Cottages and Lands—Bank Interest—Loss, etc.—Foreign and Colonial Residents.

Time Limit.

THE general time limit for repayment claims is a period of three years after the end of the financial year to which the claim relates (Income Tax Act, 1860, s. 10). Thus, a claim to the repayment of tax paid for the financial year ending 5th April, 1914 (year 1913/14) must be lodged by 5th April, 1917. This rule extends to all claims in respect of exemption, abatement, earned income relief, life insurance, children, and repairs, etc., to cottages and lands. Where a shorter time limit is imposed it will be stated against the particular case in question.

The Production of Receipts, Vouchers, Certificates, etc.

It is, of course, necessary to prove that the tax reclaimed has in the first instance been paid to the revenue. The evidence required is usually the receipt, voucher or certificate showing the payment or deduction of the duty in question, as will now be explained under headings appropriate to each source of income.

Profits of trades, professions, employments, etc. The collector's receipt should be attached. If it is lost the collector will probably supply a certificate of payment. The repayment claim should show the nature of the trade, etc., the address at which it is carried on and particulars of the assessment.

Lands or houses. The collector's receipt should be attached; a certificate of payment may be obtained where the receipt is lost. The address and the rent or annual value should be stated on the claim. The amount of the nett assessment (*i.e.*, the amount on

INCOME TAX REPAYMENT CLAIM.

The Spaces below must not
be written on by the
Claimant.

Income not exceeding £700 from all sources.

This form is intended only for an Income Tax Repayment Claim by a person resident in the United Kingdom.

The following particulars must be furnished by the claimant:—

Full name of claimant Thomas Slater

If a lady, whether widow or spinster _____

Occupation (if none, or retired, state "none") Clerk

Residence {

12, Mount Square

S. W.

Money Order Office at which
repayment is desired

General Post Office

Name of Agent (if any)* _____

Has Repayment of Income Tax ever been claimed before? no

If so, state—

(1) When, and on what ground _____

(2) To what Office the Claim was sent _____

(3) The name in which the
claim was made, and
the address from
which it was for-
warded _____

If no previous repayment claim has been made, this form should be filled in and sent to the local Surveyor of Taxes. His address may be obtained from the local Collector of Taxes.

If a previous repayment claim has been made, this form when filled in should be forwarded to The Secretary (Claims Branch), Inland Revenue, East Wing, Somerset House, W.C., together with any claim form or document which accompanied the Money Order sent in settlement of the previous claim.

* This space must be completed when the claimant wishes the repayment to be made to another person.

I hereby authorise

M _____

of _____

to receive on my behalf the repayment due upon this claim.

Signature of Claimant _____

Date _____ 191 .

Dividends on Stocks inscribed in the books of the Bank of England, Government Annuities and payments received through the Supreme Court Pay Office.—Certificates showing the amount of Dividends, Annuities, etc., are not required, but claimants must include the income from these sources in the general statement of income on page 3 of this form, and must, in addition, furnish further particulars as follows :—

Name or Description of Stock or Annuity, and whether the Dividends are paid by post or through Bankers.	Name or Names (in due order) in which the Stock or Annuity stands. If the funds are in Court, the correct Title of the Cause or Matter must be given, and the title of the account (if any) in the Supreme Court Pay Office books.	Amount of Stock, and if part of larger Sum state also larger Sum.			Month and Year when Dividend or Annuity due from which deduction made.
		£	s.	d.	

It is important that the particulars asked for on page 1 should be given.

DECLARATION OF INCOME.

I declare that the following is a true account of my income from every source, whether taxed or not, for the year to 5th April, 1913, and that I was resident in the United Kingdom during that period, and I therefore claim to be repaid the sum of £ 1 " 16

Signature

J. Jones

Date

7th July 1914

THE CLAIMANT MUST SET FORTH EVERY SOURCE OF HIS INCOME, WITH THE AMOUNT DERIVED FROM EACH SOURCE, WHETHER TAX HAS BEEN PAID ON IT OR NOT.

No. 1.	Source of Income.	Annual Amount of Income from each source.			Amount of Income Tax paid on or deducted from each source of Income		
		£	s.	d.	£	s.	d.
1	<i>As Clerk to F. Smith & Co 14 George Street E. C. (average)</i>	120			<i>not assessed</i>		
2	<i>Dividends from the Wheel manufacturing Co Ltd. £15 free of tax (Voucher attached)</i>	15	18	6		18	6
3	<i>House at 27, Rook Lane, E (receipt attached)</i>	20			1	3	4
Total Amount of Income and Income Tax thereon £		155	18	6	2	1	10
No. 2. Particulars of Charges on Income, such as Ground Rent, Annual Interest, etc.							
If there be no such charges, insert "NONE."		Annual Amount					
Nature of the Charge.	Name and Residence of Person to whom payable.	£	s.	d.			
(a) Ground Rent	<i>A. Procter, Lincoln</i>	5					
(b) Mortgage or Loan £ at per cent.							
(c) Other Annual Charge							
* Total Charges and Income Tax thereon £		5			5	10	
Total Amount of Income less charges, and amount of Income Tax thereon		150	18	6	1	16	

* These totals must be deducted from the totals shown in No. 1, as the claimant is entitled to deduct the Income Tax on these charges at the time when they are paid.

[illegible]

SPECIMEN CLAIM NO. 2

INCOME TAX—RELIEF IN RESPECT OF “EARNED” INCOME, 1913-14.

Total Income not exceeding £3,000.

The following particulars must be furnished by the claimant:—

Full Name of claimant

James Porter

N.B.—A lady must state whether widow or spinster.

Residence

17, St. Mary's Road

Money Order Office at which
repayment is desired

G. P. O.

Whether repayment of Income Tax
has ever been claimed before

no

If so, when?

The Declaration on Page 3 must be signed.

The spaces below must not be written on
by the claimant.

The claimant must claim relief before 30th SEP-
TEMBER in the year for which repayment is sought.

When filled up, the form should be sent to the
Surveyor of Taxes for the District in which the claimant
resides, to whom also the claimant may apply for advice
and assistance in filling up the form. The Surveyor's
name and address may be obtained from the local
Collector of Taxes.

NOTE.—If Repayment is to be made to any other
person than the claimant, a written authority must be
furnished by letter, or otherwise, under the claimant's
own hand.

The rules under which relief is allowed to earned incomes are stated under EARNED INCOME in the second part of this book.

I declare that the following is a true account of my income from every source, whether taxed or not, for the year ended 5th April, 1914, and that I was resident in the United Kingdom during that period, and I therefore claim to be repaid the sum of £ 22 " 1 " 8 " 2 " 0

J. Porter

10th April 1914

No. 1.	Earned Income.—Source whence derived.	Annual Amount of Income from each source.	Amount of Income Tax paid on or deducted from each source of Income
	Manufacturer at 154 Queen- Street, E. C. (Receipt attached)	£ 2650 . s. d.	£ 154 11 8
No. 2.	Income other than Earned Income.—Source whence derived. N.B.—With regard to income received through the Bank of England or from the Supreme Court Pay Office, see page 4.		
	Laced Dividends (Richard Thomas attached)	329 4 . s. d.	19 4
Total Amount of Income and Income Tax thereon £			
No. 3.	Particulars of Charges on Income, such as Ground Rent, Annual Interest, etc.		
If there be no such charges, insert "NONE."		Annual Amount	
Nature of the Charge.	Name and Residence of Person to whom payable.	£ s. d.	
(a) Ground Rent			
(b) Mortgage or Loan			
£ at per cent.			
(c) Other Annual Charge			
• Total Charges and Income Tax thereon £			
Total Amount of Income less charges, and amount of Income Tax thereon . . . £		2979 4 . s. d.	173 15 8

* These totals must be deducted from the totals shown in Nos. 1 and 2 as the tax on the charges is recoverable from the persons to whom the charges are paid.

Dividends on Stocks inscribed in the books of the Bank of England Government Annuities and payments received through the Supreme Court Pay Office.—Certificates showing the amount of Dividends, Annuities, etc. are not required, but claimants must include the income from these sources in the general statement of income on page 3 of this form, and must, in addition, furnish further particulars as follows :—

Name or Description of Stock or Annuity, and whether the Dividends are paid by post or through Bankers.	Name or Names (in due order), in which the Stock or Annuity stands. If the funds are in Court, the correct Title of the Cause or Matter must be given, and the title of the account (if any) in the Supreme Court Pay Office books.	Amount of Stock, and if part of larger Sum state also larger Sum: £ s. d.			Month and Year when Dividend or Annuity due, from which deduction made.

SPECIMEN CLAIM NO. 3

INCOME TAX.—LIFE INSURANCE CLAIM, 1912-13.

The following particulars must be furnished by the Claimant :—

Full Name of Claimant

Alice Rose Mortimer

If a lady, whether Widow or Spinster

Spinster

Occupation (if none, or retired, state "none")

none

Residence

Royal Hotel

Freetown

Money Order Office at which
Repayment is desired

Freetown

Whether repayment of Income Tax has ever been claimed before

no

If so, when?

The Declaration on page 3 must be signed.

The spaces below must not be written on by
the Claimant.

When filled in, this form is to be sent to the
Secretary, Inland Revenue (Claims Branch), East
Wing, Somerset House, London, W.C.

NOTE.—If Repayment is to be made to any other
person than the Claimant, a written authority
must be furnished, by letter or otherwise, under
the Claimant's own hand.

L. Further particulars of income :—

[illegible]

SPECIMEN CLAIM NO. 4

INCOME TAX.—RELIEF IN RESPECT OF CHILDREN, 1913-14.

Income not exceeding £500.

The following particulars must be furnished by the Claimant:—

Full Name of Claimant Herbert Jones

If a lady, state whether a Widow _____

Occupation (if none, state "none") None

Residence { 4 Cross Road W.

Money Order Office at which repayment is desired } Ealing Broadway

Whether repayment of Income-Tax has ever been

claimed before Yes

If so, when? In the previous year

The Declarations on pages 2 and 3
must be signed.

When filled in, this form is to be sent to the
Surveyor of Taxes for the District in which the
Claimant resides, to whom also application may be
made for advice and assistance in filling up the
form.

The Name and Address of the Surveyor may be
obtained from the Local Collector of Taxes.

NOTE.—If Repayment is to be made to any other
person than the Claimant, a written authority
must be furnished, by letter or otherwise, under
the Claimant's own hand.

The spaces below must not be written on
by the Claimant.

INFORMATION AS TO THE RELIEF WHICH CAN BE CLAIMED.

1. An individual whose total income from all sources exceeds £160, but does not exceed £500, is entitled to relief from Income Tax on £10 of such income in respect of every child living and under the age of sixteen years at the commencement of the Tax Year to which the claim relates, *i.e.*, 6th April.
2. No claim is admissible in respect of any child born after 6th April in the Tax Year to which the claim relates, or in respect of any child who attained the age of sixteen years on or before that date.
3. The expression "child," as defined by statute, includes "stepchild," but does not include "illegitimate child," unless the parents have subsequently married each other.

DECLARATION

I declare that the children* named below *Two* * in number) are my children within the above definition, that *they were* living on the 6th day of April, 19*13*, being the first day of the Tax Year to which the claim relates, and that the following particulars are true and correct in all respects, and I therefore claim to be repaid the sum of £*1- " 3 " 11*

Signature _____

Date 12th May 1914

Full Christian Names and Surname of each Child, using a separate line for each. (Where a stepchild, it should be so stated.)	Date of Birth.	Place of Birth. (Precise address to be stated.)
Mary Jones	8th July 1910-4	Cross Road W
Ellen Jones	31st March 1913-	do

(Tax on £20 at 1/2 reclaimed)

* If one child only, the certificate should be amended accordingly. If more than one, the number should be entered in words.

DECLARATION OF INCOME.

(This page need not be filled up if a claim for the £150 or £160 abatement has already been lodged for the same year, or is sent herewith.)

I declare that the following is a true account of my income from every source, whether taxed or not, for the year to 5th April, 1914, and that I was resident in the United Kingdom during that period.

Signature H Jones
Date 1st May 1914

THE CLAIMANT MUST SET FORTH EVERY SOURCE OF HIS INCOME, WITH THE AMOUNT DERIVED FROM EACH SOURCE, WHETHER TAX HAS BEEN PAID ON IT OR NOT

No. 1. Source of Income.		Annual Amount of Income from each source.			Amount of Income Tax paid on, or deducted from, each source of income.		
N.B.—With regard to income received through the Bank of England or from the Supreme Court Pay Office, see page 4.		£	s.	d.	£	s.	d.
<u>Taxed Dividends:—</u>							
<u>Western Cycle Co. Ltd</u>		<u>250</u>			<u>14</u>	<u>11</u>	<u>8</u>
<u>Forth Manufacturing Co. Ltd</u>		<u>63</u>			<u>3</u>	<u>13</u>	<u>6</u>
<u>Consols as overleaf</u>		<u>50</u>			<u>2</u>	<u>18</u>	<u>4</u>
Total Amount of Income and Income Tax thereon . . . £		<u>363</u>			<u>21</u>	<u>3</u>	<u>6</u>
No. 2. Particulars of Charges on Income, such as Ground Rent, Annual Interest, etc.							
If there be no such charges, insert "NONE."		Annual Amount					
Nature of the Charge.	Name and Residence of Person to whom payable.	£	s.	d.			
(a) Ground Rent . . . (b) Mortgage or Loan £ at per cent. (c) Other Annual Charge	<u>nil</u>						
• Total Charges and Income Tax thereon £							
Total Amount of Income less charges, and amount of Income Tax thereon . . .		<u>363</u>			<u>21</u>	<u>3</u>	<u>6</u>

• These totals must be deducted from the totals shown in No. 1 as the tax on the charges is recoverable from the persons to whom the charges are paid.

Dividends on Stocks inscribed in the books of the Bank of England, Government Annuities and payments received through the Supreme Court Pay Office.—Certificates showing the amount of Dividends, Annuities, etc., are not required, but claimants must include the income from these sources in the general statement of income on page 3 of this form, and must, in addition, furnish further particulars as follows :—

Name or Description of Stock or Annuity, and whether the Dividends are paid by post or through Bankers.	Name or Names (in due order) in which the Stock or Annuity stands. If the funds are in Court, the Correct Title of the Cause or Matter must be given, and the title of the account (if any) in the Supreme Court Pay Office books	Amount of Stock, and if part of larger Sum, state also larger Sum. £ s. d.	Month and Year when Dividend or Annuity due, from which deduction made.
<i>Consols</i> <i>paid by post</i>	<i>Herbert Jones</i>	<i>2,000</i>	<i>July 1913</i> <i>Oct 1913</i> <i>Jan 1914</i> <i>Apr 1914</i>

which duty has been paid) is taken to be the income derived from the property in question. This note extends to duty paid under Schedule B (in respect of the occupation of land, farmers' profits, etc.), as well as to duty paid under Schedule A (in respect of the owner's profits). (See pages 341 and 344 for the rules under which the assessments are made.) The Schedule A assessment should be based on the full annual value of the property, less certain deductions. The Schedule B assessment should be based on one-third of such annual value (usually one-third of the rent including tithe). The forms described later provide spaces for particulars of ground rent, interest, etc., paid out of the rent. Such charges should not, therefore, be deducted from the annual value. When the claimant lives in his own house the annual value thereof should be included in any statement of total income.

Ground rents, mortgage interest, and other interest taxed before receipt. The claimant should obtain from the person from whom he receives this income, a certificate declaring that he deducted tax from the claimant and that he has paid such tax to the revenue. This certificate may not be signed by the claimant's solicitor or agent, the terms of the declaration making it personal to the individual to whom the ground rent, etc., is paid. In the specimen on page 68, J. Montague is assumed to have lent to P. Nash £200 on mortgage at 5 per cent. interest, payable quarterly. He has obtained the following certificate in support of a claim he is making in respect of the financial year 1912/13. It will be observed that the dates in column 4 fall within this financial year. Form 185 may be obtained from any surveyor of taxes.

If the loan is not secured on property but on P. Nash's general effects, P. Nash must show, in column 1, how and where he has been assessed to cover the tax deducted from J. Montague. A variation of this form (185 B) is supplied to building societies not under the special arrangements referred to on page 123.

Dividends from companies assessed in the United Kingdom. The claimant should attach the "dividend top" or voucher sent to him with the warrant for the payment of the dividend (see below as to securities payable to bearer). This voucher should show the amount of the dividend and the date to which it accrued, and should contain a certificate that the company has been assessed

No 185.

INCOME TAX.

I HEREBY CERTIFY that on paying to-----*Mr. J. Montague*-----
of-----*The Mill, Ashfield*-----the Sum mentioned in the second
Column of the subjoined Statement, I deducted for Income Tax the amount
set forth in the third Column of the said Statement, and I further certify
that the said Tax has been or will be paid by me either personally to the
proper Officer for the receipt of Taxes or by way of deduction from rent
or other income when received by me.

Signature-----*P. Nash*-----Residence-----*57 Park Street, Millington*-----Date-----*12th April, 1913*-----

Description of the Property,* or Profits, out of which the Annual Payment, such as Rent, Interest, or Annuity, is payable.	Amount of the Payment from which I have deducted the Tax.			Amount of Income Tax deducted by me.			Period (i.e., year, half- year, etc.) for which the Payment was due, and Date to which payable.
1.	2.			3.			4.
	£	s.	d.	£	s.	d.	
<i>House, 28 Old Street,</i>	2	10	0		2	11	<i>Quarters ended— 30th June, '12</i>
<i>Millington, Kent,</i>	2	10	0		2	11	<i>30th Sept., '12</i>
<i>occupied by F. Smith</i>	2	10	0		2	11	<i>31st Dec., '12</i>
	2	10	0		2	11	<i>31st Mar., '13</i>

* N.B.—In the case of Property, its situation, including Street Address (if any), Parish, County, and names of Occupiers must be distinctly stated.

This form is supplied for the purpose of being filled up by the party deducting the Tax from the Income of the Claimant, and when filled up it must be attached to the Form on which the Claim is made for a return of the Tax.

and has paid tax on its profits and gains, of which the dividend is a part. The claimant's income is taken to be the gross amount of the dividend when tax is deducted therefrom. Thus, a dividend of £5 gross, paid less tax 6s. 8d. (amount received £4 13s. 4d.) should be shown as £5. Dividends are sometimes paid "free of tax," a misleading term intended to signify that the company has met the tax out of profits not divided amongst the shareholders, and therefore pays each dividend in full. A dividend of £5 received "free of tax" represents, when tax is at 1s. 4d., income £5 7s. 2d.

(£5 7s. 2d. less tax 7s. 2d. equals £5), and the larger sum should be shown on any statement of total income. Where a dividend voucher has been lost, or where (as in the case of a small private company) none was issued, the secretary may complete Form 185 A as follows—

No. 185 A.

INCOME TAX.

¹ Title of Bank or Company. ² Amount of Dividend. ³ Half year or Year, as the case may be. ⁴ The Parties' Names in which the Stock or Shares stand. ⁵ The amount of Stock. ⁶ To be signed by the Secretary or other responsible officer.	I hereby certify that Income Tax has been assessed on and paid to the Revenue by the¹ ----- <i>J. Brown & Sons, Ltd.</i>, ----- in respect of its Profits and Gains, and that the Sum of £² 5 -----, being the Dividend payable for the³ year ----- ending on the ----- 31st ----- day of ----- December ----- 1912 ----- to⁴ ----- <i>William James Brown</i> ----- on the Sum of £⁵ 100 ----- is a portion of such Profits and Gains, in respect of which Income Tax has been assessed and paid as aforesaid. Signature⁶ ----- <i>W. Allen</i> ----- Office ----- <i>Secretary</i> ----- Address ----- <i>19 George Lane, N.W.</i> ----- Date ----- <i>18th April, 1913</i> -----
--	---

In the above case it is assumed that a dividend of £5 has been paid "free of tax." If W. J. Brown is exempt he may be repaid 6s. 2d. (£5 6s. 2d., less 6s. 2d. tax, equals £5) for 1912/13 (the rate was 1s. 2d.), in which financial year 31st December, 1912, falls. (Strictly speaking, the dividend falls : $\frac{1}{4}$ in 1911/12 and $\frac{3}{4}$ in 1912/13, but the authorities usually regard only the date to which the dividend accrues—never the date on which the dividend is paid.) See pages 75 and 77 as to vouchers which bear a name other than that of the person entitled to the dividend, and the note on page 153 as to stock purchased cum- or ex-dividend.

British securities payable to bearer. In the case of these securities no dividend voucher exists and the secretary of the company, or

other person directing the concern paying the interest or dividend, does not know who receives such income. Form 185 D is provided for use in such circumstances, and the banker in the United Kingdom who received payment on behalf of the person entitled thereto should complete the certificate as shown below—

No. 185 D.

INCOME TAX.

British Securities payable to Bearer.

CERTIFICATE FOR REPAYMENT.

(To be used by Bankers in the United Kingdom for interest or dividends on Bearer Securities of British Companies.)

(¹) Nature of the Security.

(²) State the period for which the interest or dividends accrued due.

(³) Name of Banker or Agent.

WE hereby certify that Coupons of the (¹) Home Finance Company, Ltd. representing interest or dividends payable for the (²) six months ended (²) 30th June 1913, as specified at the back hereof, were forwarded by us to (³) The County Banking Co., Ltd. of 100, Threadneedle Street, E.C., on behalf of William Baker and that we received payment or were credited with the proceeds thereof LESS Income Tax as follows :—

£120 „ — „ — Gross amount.

£ 7 „ — „ — Tax deducted.

£113 „ — „ — Nett Amount.

Signature of }
Banker or } F. Carter, for London
Bank Agent } and Southern Bank, Ltd.

Residence, 90 King Street, E.C.

Date 1st August, 1913

TO BE SIGNED BY CLAIMANT.

I hereby declare that the Coupons above mentioned relate to Securities which are my own property and are in the possession of the London and Southern Bank, Ltd. and in proof of this declaration I undertake when required to produce the Securities either to the local Surveyor of Taxes or to the Board of Inland Revenue.

Signature William Baker

Date 10th April, 1914

[SEE OVER.]

It will be noted that the claimant has completed the lower part of the certificate as shown.

Reverse of Form 185 D—

SCHEDULE OF COUPONS.

The Numbers of the Coupons to be entered in consecutive order.						Aggregate amount of Coupons.		
18,617	18,618	18,619	19,723	19,724	19,725	120	0	0
						£120	0	0

Stocks inscribed in the Bank of England, Government Annuities and payments received through the Supreme Court Pay Office. Certificates are not required in this case, but claimants must furnish particulars as follows—

Name or Description of Stock or Annuity, and whether the Dividends are paid by post or through Bankers.	Name or Names (in due order) in which the Stock or Annuity stands. If the funds are in Court, the correct Title of the Cause or Matter must be given, and the title of the account (if any) in the Supreme Court Pay Office books.	Amount of Stock, and if part of larger Sum state also larger Sum.			Month and Year when Dividend or Annuity due, from which deduction made.
		£	s.	d.	
<i>Consols paid through Banker</i>	<i>J. Bevan</i>	600	—	—	<i>5th July and October, 1912; 5th January and April, 1913.</i>

The form printed above appears on page 2 of most repayment claim forms. Where this is not so the particulars required may be inserted wherever there is room or on a separate sheet. (NOTE.—Where the dividend on any holding of stocks inscribed in the books of the Bank of England does not exceed £5 per annum no tax is deducted therefrom. The same applies to all interest or dividend paid through the Post Office Savings Bank. The income should still appear on the form and be described as untaxed.)

Foreign and colonial securities. A certificate must be obtained signed either (a) by the *agent* (whether a banker or not) in the United Kingdom who received the income from abroad, accounted for tax to the revenue and paid the income to the owner less tax, or (b) (in the case of coupons only) by the *banker* who collected the dividend

or interest from the agent referred to under (a). Thus, if H. James holds coupons payable to bearer on presentation to F. Grey & Co., 211 Gracechurch Street, E.C., he may obtain a certificate from the firm as follows—

No. 189.

INCOME TAX.

Foreign and Colonial Securities.

CERTIFICATE FOR REPAYMENT.

(To be used by Bankers and other persons deducting Tax and paying the same over to the Revenue.)

WE HEREBY CERTIFY that on paying to
 (1) Name of the person presenting the Coupons, etc. (1) H. James of 12 Waverley Terrace, W.
 (2) Nature of the security. Coupons or Dividends of (2) the Niger Railway Company as specified at the back hereof, which became due and payable 31st December, 1912, we deducted Income Tax as follows; and we further certify that the Tax so deducted has been, or will be, paid over by us to the Revenue.

Gross Amount £60 : 0 : 0 When paidTax deducted 3 : 10 : 0 5th Jan., 1913.

Signature of the person who paid the interest or dividend } F. Grey for F. Grey and Co.

Nett amount £56 : 10 : 0Address 211 Gracechurch St., E.C.Date 10th April, 1913**TO BE SIGNED BY CLAIMANT.**

I hereby declare that the Coupons or Dividends above mentioned relate to Stocks which are my own property, and that the Bonds from which the Coupons were taken are in the possession of myself

Signature H. JamesDate 12th April, 1913

N.B.—The Bonds to be produced, when required, in support of any Claim.

*Reverse of Form 189.***SCHEDULE OF COUPONS OR DIVIDENDS.**

The numbers of Coupons or Warrants to be entered in Consecutive Order.						Aggregate amount of Coupons or Dividends.		
7,431	7,432	7,433				60	0	0
						£ 60	0	0

If, however, H. James handed the coupons to his bankers for collection he may obtain from the latter a certificate on Form 189 A.

No. 189 A.

INCOME TAX.

Foreign and Colonial Securities.

CERTIFICATE FOR REPAYMENT.

(To be used only by Bankers in the United Kingdom.)

(1) Nature
of the Se-
curity.

(2) Name
of Banker or
Agent.

WE hereby certify that Coupons of the (1) Niger Railway
Company as specified at the back hereof, which
became due 31st December 1912, were
forwarded by us to (2) F. Grey and Co.
of 211 Gracechurch Street, E.C. on behalf of
H. James and that we received payment

or were credited with the proceeds thereof LESS Income Tax as follows—

£60 ,, — ,, — Gross amount.

£ 3 ,, 10 ,, — Tax deducted.

£56 ,, 10 ,, — Nett amount.

Signature of

Banker or

Bank Agent

B. Wilson, for London and
Eastern Bank, Ltd.

Address 21 James Street, E.C.

Date 8th April, 1913

TO BE SIGNED BY CLAIMANT.

I hereby declare that the Coupons above mentioned relate to Bonds which
are my own property and are in the possession of myself

Signature H. James

Date 12th April, 1913

N.B.—The Bonds to be produced, when required, in support of any Claim.
Reverse side on p. 75.

No. 189.

INCOME TAX.

Foreign and Colonial Securities.

CERTIFICATE FOR REPAYMENT.

(To be used by Bankers and other persons deducting Tax and paying the same over to the Revenue.)

WE HEREBY CERTIFY that on paying to

⁽¹⁾ Name of the person representing the Coupons, etc.⁽¹⁾ *B. Court and Co.* of *115 Drapers' Gardens, E.C.* Coupons or Dividends of⁽²⁾ Nature of the Security.⁽²⁾ *the Niger Railway Company*

as specified at the back hereof, which became due and payable
31st December 1912, we deducted Income Tax
 as follows; and we further certify that the Tax so deducted
 has been, or will be, paid over by us to the Revenue.

Gross Amount £180 : — : —

Tax deducted 10 : 10 : —

When paid

Signature of the person who paid the interest or dividend

*J. Barclay for
 J. Barclay & Co.,*

Nett amount £169 : 10 : —

1913.

Address *27 The Avenue, E.C.*Date *10th April, 1913.***TO BE SIGNED BY CLAIMANT.**

I hereby declare that the Coupons or Dividends above mentioned relate to Stocks which are my own property, and that the Bonds from which the Coupons were taken are in the possession of

(See Subsidiary Form 189 C.)

Signature

Date

N.B.—The Bonds to be produced, when required, in support of any Claim.

Reverse side next p

*Reverse of Form 189 A—***SCHEDULE OF COUPONS.**

The Numbers of the Coupons to be entered in consecutive order.						Aggregate amount of Coupons.		
7,431	7,432	7,433				60	0	0
						£ 60	0	0

Joint Holdings. Where a certificate is given by the person who deducted tax from certain foreign dividends or coupons (as shown above), but the dividends in question are owned by several persons one of whom has to make a separate claim to repayment, the banker or stockbroker, etc., who holds the securities may give a subsidiary certificate on Form 189 C, declaring that a certain part of the dividends, etc., referred to on the main certificate belongs to the particular person making the claim. The specimen Form 189 on p. 74 shows that J. Barclay & Co. received dividends from the Niger Railway Company (whose office is abroad), accounted for tax to the revenue and paid certain dividends less tax to B. Court & Co., Stockbrokers. The specimen Form 189 C on p. 76 contains B. Court & Co.'s certificate that certain of these dividends belonged to Miss F. June, who is claiming repayment. Both forms should be submitted by Miss F. June unless Form 189 has already been submitted by a person holding others of the shares referred to thereon. In the latter case the circumstances should be stated on Form 189 C.

*Reverse of Form 189.***SCHEDULE OF COUPONS OR DIVIDENDS.**

The numbers of Coupons or Warrants to be entered in Consecutive Order.						Aggregate amount of Coupons or Dividends.		
6,921	6,922	6,923	6,924	6,925	6,926	120	0	0
6,927	6,928	6,929				60	0	0
						£ 180	0	0

No. 189 C.

INCOME TAX.

Foreign and Colonial Securities.

SUBSIDIARY CERTIFICATE FOR REPAYMENT.

(To be used only by Bankers, Stockbrokers and others holding
Securities on behalf of Clients.)

WE hereby certify that the Coupons or Dividends of the

(1) Nature of
the Security.

Niger Railway Company-----as specified at the back

hereof, which became due---31st December-----1912-----,

were paid or credited to us on behalf of---Miss Frances

(2) Name of
Banker or Agent
by whom the tax
was accounted
for.

June-----by (2)---J. Barclay and Co., 27 The
Avenue, E.C.

We further certify that the Securities herein referred to

(3) Amount of
Bonds or number
of Shares.

form part of a block of (3)---£180---- bonds or shares for

which the original Certificate of deduction of tax is annexed

hereto, or was lodged with the Claims Branch, Somerset

House, on-----191 .

£60 „ — „ — Gross amount. Signature---B. Court for B. Court and Co.,

£ 3 „ 10 „ — Tax deducted. Address---115 Drapers' Gardens, E.C.---

£56 „ 10 „ — Nett Amount. Date---12th April, 1913-----

N.B.—This Certificate is useless unless supported by a certificate given by the person by whom the
tax deducted was accounted for to the Revenue.

The Securities, in support of any Claim, to be produced when required.

Reverse of Form 189 C.

SCHEDULE OF COUPONS OR DIVIDENDS.

The Numbers of the Coupons or Share Warrants to be entered in consecutive order.							Aggregate Amount of Coupons or Dividends.		
6,924	6,925	6,926					£	s.	d.
							60	0	0
							£60	0	0

Vouchers not in the claimant's name. It may happen that dividend vouchers bear the name of the owner's trustees. In this case the trustees should either make the claim themselves (see below) or should endorse the voucher in some such way as the following: "The property of John Wheeler who may claim repayment. (Signed) Henry Cox, trustee." The preceding note on joint holdings illustrates a case in which a subsidiary certificate is necessary. Where a person buys stock after the company's books are closed, the dividend top will bear the name of the seller, *i.e.*, the former owner. The seller will receive the dividend less tax and will sometimes hand over the *nett* dividend to the buyer. The buyer may not claim repayment, however, unless he owned the stock on the day to which the dividend in question accrued (irrespective of the date on which it was paid). If this was not so the dividend is not income *to him*, but the former owner may claim repayment if entitled thereto. This is explained under CUM- AND Ex-DIVIDEND on page 153.

By Whom a Claim should be made.

The list given on page 47, showing when a person must act on his own behalf and when on behalf of another, may be read also as applying to repayment claims. When *trustees* claim they should use special forms (Nos. 44, 44 A, etc.). These forms are similar to

Forms 40, etc., save that the minor's interest in the property concerned must be stated on page 2. As regards *husband and wife* see page 237.

It remains now to give specimen claims to repayment, arranged according to the ground on which they are made.

Exemption.

The rules under which exemption is granted are stated on pages 44 and 184. The specimen claim on Form 40 represents the following case for 1912/13. T. Slater has an average salary of £120 (over the years 1909, 1910, and 1911), on which no tax has been paid. In 1912/13 he received £15 dividends "free of tax," and owned a house assessed to property tax (Schedule A) £24 gross, £20 nett, duty paid £1 3s. 4d. He paid £5 ground rent but no interest. *Receipts, etc., required.*—The dividend top or voucher for £15 and the collector's receipt for £1 3s. 4d. He will be refunded all he has paid, except 5s. 10d., which he should have deducted (at 1s. 2d. in the £) from the ground rent (see page 231). The form should be completed as in Specimen Claim No. 1. If the claimant has other sources of income he should complete Form 40 precisely as he would complete page 3 of Form 11. This is shown on page 44.

Abatement.

The rules under which abatement is granted are stated on pages 44 and 89. A claim to abatement by way of repayment is now made on Form 40, this being the form shown in Specimen Claim No. 1. The form is completed in the same manner whether the claimant is entitled to exemption or to abatement, the only difference being the amount of income shown and of repayment due. See therefore the preceding note under EXEMPTION.

Earned Income Relief.

The rules under which the earned income relief is allowed are stated on pages 44 and 322. They apply to all cases of repayment exactly as to those in which the relief is allowed before tax is paid. Relief must be claimed before 30th September in the financial year for which repayment is sought, and repayment is only necessary

where an assessment has been made at a higher rate in error or on account of the actual liability not being ascertainable until the end of the year. In the example given James Porter is assumed to carry on a trade in 1913/14 in respect of which he has been assessed and has paid tax on £2,650 at 1s. 2d. He estimated that his dividends (his only other source of income) would amount to £300 in 1913/14 and claimed the relief applicable where the total income does not exceed £3,000 (*i.e.*, to be charged at 1s. on his trade profits). As the amount of his dividends was uncertain relief was not allowed. At the end of the financial year he found that he had obtained dividends £210 after the deduction of tax, and £100 paid "free of tax." His total income was £2,979 4s. ($£2,650 \text{ plus } £310 \times \frac{240\text{d.}}{228\text{d.}}$).

—see page 176). He should complete Form 40 B as shown in Specimen Claim No. 2, and should attach the income tax receipt and the dividend vouchers. (A list of the dividends should also be attached. No object would be served, however, by printing such a list here, although it is referred to on page 3 of the specimen claim.) Repayment should be made of £2,650 at 2d. = £22 1s. 8d. The full rate must be charged on "unearned" income. It will be observed that Form 40 B is completed in the same manner as page 3 of Form 11.

In applying this note to subsequent years, regard should be had to the changed rates. (See page 322.)

Life Insurance.

The rules governing the allowance made in respect of life insurance are stated on pages 43 and 273. Where repayment is claimed Form 39 should be used. In addition to the preliminary information on page 1, the claimant should give particulars of the premiums paid, on page 2, and of any income on which tax has been paid, on page 3. The income described on page 3 must not be less than six times the amount of the premiums in respect of which repayment may be made, and no income charged at the full rate may be shown until all income charged at a lower rate had been set down. Page 3 does not purport to set forth *the whole* of the claimant's income. (See Specimen Claim No. 3.)

Children.

The rules governing the allowances made in respect of children under sixteen are stated on page 134. Where repayment is claimed Form 40 C should be used. In addition to the preliminary information on page 1 the claimant should give particulars concerning his children on page 2 and should add, on page 3, a statement of his total income from all sources. Where such a statement has already been submitted a reference thereto will in ordinary cases suffice. See Specimen Claim No. 4, in which example the amount to be repaid for 1913/14 is £20 at 1s. 2d., equals 15s. The allowance for 1914/15 is tax on £20 for each child.

Maintenance, Repairs, Insurance, and Management of Property.

The rules governing this allowance are stated on page 331, and repayment should be claimed on Form 99.

Bank Interest Claims.

See page 114. The necessary certificate form may be obtained from a banker or from the Claims Branch, Somerset House, W.C. The questions printed on page 1 should be answered according to the facts, particulars of tax paid should be inserted on page 2, and the banker will complete page 3.

Loss, Etc.

The claims referred to in Chapter IV are made in the first instance by letter to the surveyor of taxes who will ask for any additional information necessary. The usual three years' time limit does not apply in this case as stated on page 334.

Foreign and Colonial Residents.

All letters, applications for forms, etc., should be addressed to the Claims Branch, Somerset House. The time limit is three years or six months, according to the nature of the claim. See page 293 for the rules in this case.

CHAPTER X

SUPER-TAX

Liability—Returns—Procedure—Rules for Specific Sources of Income—Specimen Return.

Liability.

1. LIABILITY extends to all incomes which exceed a certain limit (estimated in accordance with Rule 3), the income of a husband and wife being considered in the aggregate. The limits and rates are stated under RATES in the second part of this book.

2. For purposes of super-tax the aggregate income is reckoned as follows—

Income which is assessed to income tax on the recipient	} ..	{ The amount of the income tax assessment in the year preceding that for which super-tax is to be charged.
Income taxed before receipt	..	{ The amount receivable on dates falling within the year preceding that for which super-tax is to be charged.
Deduct interest, ground rent, and other charges	} ..	{ The amount payable on dates falling within the year preceding that for which super-tax is to be charged.
Deduct life insurance premiums	} ..	{ The amount of any premiums in respect of which an allowance might be claimed for purposes of income tax in the year preceding that for which super-tax is to be charged.

These rules are elaborated on page 83, where various sources of income are dealt with specifically.

3. When a person dies in any year and his income in the preceding

year was such as to render him liable to super-tax in the year in which death occurs, a part only of that year's super-tax is payable according to the proportion of the year which has elapsed before the date of death.

Returns.

4. Any person who is liable according to the above rules should give notice of his liability before 30th September in the year concerned. Further, the Special Commissioners may require a return from any person.

5. On giving notice within six months before 6th May in any year any husband and wife may be dealt with in all respects as if they are not married, save that the amount due shall still be calculated according to the aggregate income of both husband and wife, and apportioned between them *pro rata*. After seven days' notice to him the goods of a husband may be distrained to recover super-tax on the profits of his wife neglected to be paid by her. (*Finance Act, 1914, s. 9.*)

6. If any person without reasonable excuse fails to make any return or to give any notice required as stated above, he is liable to a penalty not exceeding £50. After judgment has been given for that penalty he is liable to a further penalty of a like amount for every day during which the failure continues.

Procedure.

7. Assessments are required to be made by the Special Commissioners, at their office in London (Duchy House, Wellington Street, W.C.). They are required to serve notice on the person assessed of the amount of the assessment and of the duty charged thereon.

8. A person aggrieved by an assessment may give notice of appeal (specifying the grounds thereof) within twenty-eight days from the date of the service of the notice, or within such further time as the Special Commissioners shall allow.

9. The amount payable is required to be remitted to the Accountant-General of Inland Revenue, at his office, Somerset House, London, on or before the 1st January in each year.

10. The Special Commissioners are entitled to demand returns although the Act imposing super-tax for the year in question has

not yet been passed (*Customs and Inland Revenue Act, 1890, s. 30; Bowles v. Attorney-General, 1912*).

Rules for Specific Sources of Income.

These rules are summarised under No. 2 on page 81.

Profits of trades, professions, or employments. The amount to be returned for purposes of super-tax for 1914/15 is the amount on which income tax was assessed for 1913/14 (probably on the average profit of 1910/11, 1911/12, and 1912/13). Where the profits of a firm have been assessed in one sum and a partner has to return his share thereof for super-tax purposes, he should estimate that share according to the rule prescribed for a partner who wishes to claim the earned income relief in respect of his share (see page 200 and the example on page 83).

Fees from directorship or remuneration from any other office under a company, society, public body, etc. The amount to be returned for super-tax purposes for 1914/15 is the amount on which income tax was charged in 1913/14 (probably the amount received in 1913/14).

Property in the United Kingdom. The amount to be returned for super-tax purposes for 1914/15 is the amount on which property tax (income tax under Schedule A) was paid for 1913/14, less the amount on which repayment has been made in respect of repairs, maintenance, etc. (see page 331).

Profits from the occupation of land (farmers, etc.). The amount to be returned for super-tax purposes for 1914/15 is the amount on which income tax has been paid under Schedule B for 1913/14 (probably one-third of the rent inclusive of tithe).

Interest, foreign income, etc., not taxed before receipt but assessed to income tax directly on the recipient. The amount to be returned for super-tax purposes for 1914/15 is the amount of the income tax assessment thereon for 1913/14 (see page 209).

Dividends (and other income not referred to above) taxed before receipt. The amount receivable on all dates within 1913/14 should be returned for purposes of super-tax for 1914/15. That is to say, the date which determines the year into which such income falls is that on which it *should be received*, irrespective of the period over which it was accruing.

Deductions. See Rule 2, page 81, as to deductions in respect of

interest, ground rent and other charges and in respect of life insurance premiums. The allowance for maintenance, etc., of property (see pages 332 and 333) is increased for the income tax year 1914. For super-tax purposes also the increase applies for 1914, and not merely as from 1915, as would have been the case without a special enactment. (*Finance Act, 1914, s. 3 (2).*)

Husband and wife. See Rule 5 on page 82.

Repeated reference has been made to the amount of income tax liability for the preceding year. This amount will, of course, have been determined many months before it is required to be known for purposes of super-tax. It will have been arrived at in accordance with the rules stated in the preceding chapters and in the dictionary of income tax which follows. Where an assessment has been adjusted for income tax purposes according to the enactment set forth in Chapter IV, the adjustment holds good also for purposes of super-tax. In *Wylie Hill v. Commissioners of Inland Revenue* (1912) it was held that the special commissioners were bound to consider the appellant's claim to a deduction in respect of a loss, although such loss had not been the subject of a claim to an adjustment of the income tax assessment. In *Brooks v. Commissioners of Inland Revenue* (1913) it was held that a person assessable to super-tax in respect of income charged to income tax in the preceding year is not bound by the amount of the income tax assessment if he can prove to the Special Commissioners that it was incorrect. In *Gaunt v. Inland Revenue* (1913) it was decided that the income derived, by a person assessable to super-tax, from a business in which he was partner, should be taken to be the share to which he was entitled of the profits of the preceding year as estimated for purposes of assessment to income tax (*i.e.*, probably his share of the average profits of the three years preceding the year previous to the year of super-tax liability).

EXAMPLE.—The income tax liability of A. Worth is referred to on page 55. He is now required to make a super-tax return for 1914/15. As explained above, this return will be identical, in most respects, with a statement of his aggregate income, for income tax purposes, for 1913/14. In Chapter VII it has been shown how his share of the firm's income tax assessment for 1914/15 is arrived at. What is now required, is his share of the firm's

SPECIMEN SUPER-TAX RETURN

Year ending 5th April, 1915.

RETURN OF TOTAL INCOME FROM ALL SOURCES.

If more space is required than is provided by this form, details may be supplied on separate sheets, the totals only of the several heads of Income, or of charges on Income, being entered hereunder.

IF, UNDER ANY OF THE HEADS (a) to (e), YOU HAVE NO INCOME, WRITE "NIL" IN EACH SUCH SPACE.

No. 1.—Particulars of Income.		Annual Amount of Income without deduc- tion of Income Tax		
		£	s.	d.
(a) From Trade, Profession, Office, Employment, or Vocation, viz.:— <i>Partner in A. W. & Co.</i> <i>6, Barnett Avenue, N. (Share of 1913/4 Assessment)</i>		913		
(b) From Property (including the annual value of the property which I own and occupy):— <i>Redcot Barnet</i> <i>(Amount on which property was charged for 1913/4)</i>		120		
(c) From the Occupation of Land:— <i>Nil</i>				
(d) From Bank and other Interest, Annuities, Dividends, or other Income not already entered on this page:— <i>Taxed Dividends for 1913/4</i>		2,170		
(e) Wife's Income (giving full particulars):— <i>Taxed Dividends for 1913/4</i>		1,235		
Total		4,438		
No. 2.—Particulars of any Charges on Income.				
Nature of the Charge.	Name and Residence of the Person to whom payable	Annual Amount thereof. £ s. d.		
Ground Rents Annuities Patent Royalties Interest on Mortgages or Loans:	<i>F. King, Barnett</i>	30 . .		
Amount of Mortgage or Loan.					Rate per cent.
Other annual Charges (if any)				
Total Charges . . .		30		
Total Amount of Income from all sources less Charges . .		4,408		
Deduct Life Insurance Premiums paid in year ended 5th April, 1914 . .		54		
Net Income for Super-tax purposes, 1914-15 . .		4,354		

I declare that the above statement contains a full, just, and true account and return of the whole of my Income from every source whatsoever, computed according to the directions contained on page 2 hereof, to the best of my knowledge and belief.

Signature—

Address—

Date—

A. W. & Co.

Redcot Barnet

27th May 1914

income tax assessment for 1913/14, arrived at in a similar manner. His personal income is assumed to be as set forth on the Specimen Super-Tax Return.

It will be seen that A. Worth's income for purposes of assessment to super-tax for 1914/15 is £4,354. This will be charged according to the table on page 322.

If (as under Rule 5, page 82) a separate return has been received from Mrs. Worth, a proportion of the amount payable will be demanded from her, viz. $\frac{1235}{4354}$ of the amount payable.



PART II

DICTIONARY OF INCOME TAX
PRACTICE

In the succeeding portion of this book the following abbreviations occur—

C. & I.R.A.	Customs and Inland Revenue Act
F.A.	Finance Act
F. (1909-10) A.....	Finance (1909-10) Act
H.T.A.	House Tax Act
I.T.A.	Income Tax Act
I.T.(F.D.)A.	Income Tax (Foreign Dividend) Act
R.A.	Revenue Act
T.M.A.	Taxes Management Act
V.M.A.	Valuation (Metropolis) Act

Attention may be directed to the *Guide to Income Tax Practice*, as well as to the *Index*.



PART II

DICTIONARY OF INCOME TAX PRACTICE

ABATEMENT.

Abatement is the term used to describe the allowance made to an *individual* whose total income does not exceed £700. Such a person is not required to pay tax on a certain portion of his income, and the amount which so escapes taxation is his "abatement." The scale of allowance is as follows (*F. A.*, 1898, s. 8)—

Where the income exceed	£160	but does not exceed	£400	—abatement of	£160
"	"	"	£400	"	"
"	"	"	£500	"	£150
"	"	"	£500	"	£120
"	"	"	£600	"	£70

Thus, an individual whose income is £380 will pay tax on £380 minus £160, equals £220. Incomes not exceeding £160 are exempt. (See under **EXEMPTIONS**.)

Where the person concerned pays tax direct (*e.g.*, in respect of his profits, salary, bank interest, etc.) he should claim the allowance when he makes his return. Where his income is taxed before he receives it (*e.g.*, dividends, ground rent, etc.) he should claim repayment at the end of the year of assessment. In both cases the claim must be made by completing, on the prescribed form, a statement of total income for the financial year ended 5th April. In the former case the claim should be sent to the Assessor or the Surveyor of Taxes from whom the form was received. Specimen claims are given on pages 48 and 55. Repayment claims are dealt with on pages 66 and 78.

In declaring the total income it should be remembered that the "legal income," and not necessarily the actual income, is concerned. Thus, the legal income from *property* is the amount of the nett assessment under Schedule A, *i.e.*, the amount on which the landlord's property tax is charged; and when the claimant owns the house in which he resides this is still the amount which should be declared (there is a space at the foot of the form in which ground rent and interest should be inserted). The legal income from *farming* is the amount of the Schedule B assessment (*i.e.*, one-third

ABATEMENT—(contd.)

of the rent paid) unless the assessment has been adjusted as is described under FARMERS. The legal income from *dividends* is the amount which accrued during the financial year, but in practice it is taken to be the amount which accrued to dates within the financial year; thus, if a person received dividends for periods ended (a) 31st December, 1911, (b) 30th June, 1912, (c) 31st December, 1912, (d) 30th June, 1913, (e) 31st December, 1913, he will include (a) in his claim for the year 1911/12 (ending 5th April, 1912), (b) and (c) in his claim for the year 1912/13, (d) and (e) in his claim for the year 1913/14, irrespective of the dates of payment. In cases where the claim is being made before the end of the financial year (for allowances from assessments on profits, etc.) the taxpayer must make the best estimate he can; if the dividends are fairly regular from year to year it is usual to insert the amount received during the previous year. It is important to remember that dividends are received "nett" and that the gross amount must be returned. If a dividend of £5 is paid less income tax at 1s. 4d. (amount received, £4 13s. 4d.) the legal income is £5; if a dividend of £5 is paid "free of income tax" (i.e., the company bears the tax) it must be regarded as a dividend of £5 7s. 2d. paid, less income tax 7s. 2d., and £5 7s. 2d. is the legal income. The legal income from *ground rents* and *interest taxed before receipt* is the amount which accrued during the financial year, and the remarks just made regarding dividends apply here also. The legal income from *trade profits*, *salaries*, *interest received untaxed* and *foreign income* is the amount which, in each case, would be returnable for purposes of assessment. Details will be found in Chapters III and VI.

Other rules regarding abatement will now be stated.

In reckoning the amount of total income, *for the purpose of determining which scale of abatement is applicable*, deductions are made for ground rent and interest paid away and for depreciation (Schedule D) and expenses (Schedule E), for which allowances have been made from the assessments; but not for life insurance (*I. T. A.*, 1853, s. 54) or children under sixteen. (*F.* (1909/10) *A.*, 1910, s. 68 (1).)

Until 1914 a husband was obliged to include his wife's income on his claim, and a married woman living with her husband could make no claim except through her husband. (See, however, the

ABATEMENT—(*contd.*)

title to separate claims given by the Finance Act, 1914, s. 9, p. 238, as explained under **HUSBAND AND WIFE**.)

The allowance is restricted to individuals (or "persons in the primary sense of the term"), and has been refused to a limited liability company (*Mylam v. Market Harborough Advertiser Co., Ltd.*, 1905) and to an unincorporated association. (*Curtis v. Old Monkland Conservative Association*, 1906.)

A partner should include on his claim (a) his personal income and (b) his share of the firm's assessment (as explained on pages 48 and 55), and of the firm's property, dividends, etc.

Persons who are not resident in the United Kingdom may claim abatement only in the few cases stated under **NON-RESIDENTS**.

The annual value of a residence occupied rent-free is regarded as part of the occupier's income only when he has the right to let it, and so turn it into an item of pecuniary gain. The subject is dealt with fully under **RENT-FREE RESIDENCES**.

In *Walker v. Reith* (1906), a manufacturer left his business in the hands of trustees, requiring that the profits should be divided amongst certain employees, but that only 10 per cent. of such profit should be distributed in cash, the balance being credited to the employees but retained by the trustees to form a fund for paying out the whole of the testator's capital. It was held that for purposes of a claim to abatement, an employee need only regard as income the share of the profits actually received by him.

Where an earned income rate of tax is claimed as well as abatement, the latter must be allowed as far as possible from income assessed at the earned income rate. (*F. A.*, 1907, s. 19 (2-3).)

ABROAD.

See under **FOREIGN INCOME**; **FOREIGN TRADERS**; **MISSIONARIES**; **NON-RESIDENTS**.

It may be noted here, however, that any British subject whose ordinary residence has been in this country but who has gone abroad for the purpose of occasional residence is still chargeable as a resident here. (*I.T.A.*, 1842, s. 39.)

A person living abroad is chargeable in respect of any profits arising or property situated in the United Kingdom. (*I.T.A.*, 1853, s. 2.)

ABROAD—(contd.)

Trades which for general purposes would be regarded as carried on abroad are held to be carried on in the United Kingdom when the seat of management is here. The subject is dealt with fully under RESIDENCE.

A manager employed abroad under an English company is not liable under Schedule E to tax on salary which is paid and spent abroad. (*Pickles v. Foster*, 1912.)

ACCIDENTS.

An employer is entitled to charge as an expense in his accounts any sum compulsorily paid to an employee as compensation for an accident sustained in carrying on the business. Payments insuring himself against liability under the Workmen's Compensation Act are similarly allowable.

The allowance in respect of life insurance premiums (see under LIFE INSURANCE) does not extend to accident insurance policies. Where a policy covers both accident and death risks, only the portion of the premium relating to the death risk comes under the allowance. In an intricate combined case the insurance company would doubtless give information as to any decision arrived at with the authorities.

Compensation paid to persons other than employees may be charged as an expense in the trader's accounts provided that the accident in question was incidental to the trade itself. A brewery company was not allowed to deduct from its profits a sum paid in compensation to a visitor for injuries caused by the falling of a chimney, neither would a grocer be allowed to deduct the loss incurred through one of his window shutters falling on a man walking in the street. On the other hand, losses sustained by a railway company in compensating passengers for accidents in travelling should be deducted. (*Strong v. Woodfield*, 1906.) These examples have judicial sanction and illustrate the principle on which all such cases should be decided.

ACCOUNTANTS, BARRISTERS, OR SOLICITORS AT APPEALS.

If the local Commissioners refuse to allow such persons to plead before them, the appellant may appeal to the Special Commissioners who are *required* to hear them. "Accountant" means

a member of an incorporated society of accountants. (*R. A.*, 1903, s. 13.)

ACCOUNTANTS' CHARGES.

In considering whether accountants' charges are allowable as deductions from profits (Schedule D), attention must be paid to the nature of the service rendered. If the work performed is in the ordinary way of the trader's business (auditing his books, preparing his accounts, etc.) the charges are allowable, but not if they have to do with the flotation of a company, the issue of shares, or other capital matters.

ACCOUNTS.

In the case of trades, professions or employments (except employments under a company, society, etc.), the figures on which the assessment is based must be made up to the 5th of April preceding the year of assessment or to the date on which the trader, etc., usually closes his books. In the latter case the date taken must be in the year prior to the year of assessment. Thus, if a trader closes his books on 30th April, the assessment for 1914/15 should be based on the accounts to 30th April, 1911, 1912, and 1913, notwithstanding the fact that when he is called upon to make the return for 1914/15 (in May or June, 1914) he has closed his books for a later year (to 30th April, 1914). A taxpayer would no doubt be allowed to change the date to which his accounts are made up, provided that the commissioners were satisfied that the change was not made so as to diminish the amount of tax payable.

The treatment a particular item has received does not make it conclusive that it should be so treated for income tax purposes. There are *dicta* to this effect in many cases, of which it will suffice to cite one: "The balance sheet is quite in accordance with what a trader in such circumstances would do. But it is a very different question that is raised here as to whether, though that may be a very proper operation in a trader's balance sheet, the sums which are received and which are proposed to be applied to redemption of capital can be properly regarded as profits under the Income Tax Acts." (Lord President in *Edinburgh Southern Cemetery Co. v. Kinnmont*, 1889.)

The commissioners are authorised to call for the production of the trader's accounts if he appeals against the assessment they have

ACCOUNTS—(contd.)

made (*I.T.A.*, 1842, s. 120). His position will be made clear by judicial comments on a certain case brought before the courts. Speaking of the appellant, Mr. Justice Mathew said, "He was entitled to refuse the commissioners any opportunity of verifying his figures, but if he did that they were not bound by his affidavit." After certain particulars had been delivered and the commissioners refused to reduce the assessment in accordance therewith, Mr. Justice Rigby said, "There was a sufficient ground for suspecting the accuracy of the schedule and for the commissioners arriving at the conclusion that they should be satisfied with the assessment and dissatisfied with the schedule." (*Regina v. Special Commissioners*, 1893.) See also *King v. Kensington Income Tax Commissioners* (1913) under ASSESSMENTS.

The adjustment of accounts for income tax purposes is dealt with in Chapter II.

ADVERTISEMENTS.

The cost of advertising falls on the border line of admissible and inadmissible expenses. In *Watney v. Musgrave*, 1880, Chief Baron Kelly objected to a claim "to deduct from the amount received from the sale of beer the cost of advertisements by which the quantity of beer sold in the course of the year may be considerably increased, but which has no reference and bears no part at all in the production of the article." He continued: "Those expenses are of a totally different character from the mere cost of production, and in the absence of any Act of Parliament I cannot myself be the party to admitting what would be an entirely new principle in relation to the operation of the income tax." In a later case (*Gillatt and Watts v. Colquhoun*, 1884) Mr. Justice Grove went into the matter of advertisements a little more closely. He said: "I may mention advertisements as one class of outlay. No doubt it would be a most difficult question to settle because it may differ in different trades. *Some trades possibly may be founded very much upon advertisements*, and there may be a trade of advertising which is founded upon the value of such advertisements. It is a question of degree, and I do not at present go the length of saying that in no case can advertisements be deducted."

ADVERTISEMENTS—(*contd.*)

The essential point seems to be contained in the words italicised, and, taking into account other dicta in cognate cases, the rule would appear to be as follows. The cost of advertising may be charged in the accounts when it is incurred so as to sustain the current profits at their normal level. When the cost is abnormal in any year or has to do with a new business or a new branch a part of such cost may be disallowed. The practice is more liberal than the *dicta* quoted above (and particularly the first of them) would suggest.

AGENTS.

An agent is not recognised as the substitute for his principal for income tax purposes, save in the cases stated under FOREIGN INCOME and FOREIGN TRADERS. In other matters an accredited agent is allowed to act in non-legal matters, but his signature is not accepted on any statutory documents save where the Acts give him such legal authority to act as agent as would render him liable to any penalties which might otherwise be imposed on the principal. Among such cases are the following—

The trustee, guardian, tutor, curator or committee of any infant, married woman, lunatic, idiot or insane person or any such person having the control of the property of such infant, etc. ; the trustee, etc., or factor, agent or receiver having the receipt of profits or gains belonging to any person not resident in the United Kingdom. (*I.T.A.*, 1842, s. 41.)

Such persons are required to act in all matters relating to income tax as if for themselves ; except that when the profits have been paid to the person entitled thereto (not including the case of a resident abroad, an infant, a married woman or a lunatic) the agent need only state the name and address of the person who has received the profits unless he is specially required to do more. (*I.T.A.*, 1842, s. 42.)

A person who receives profits for another person who is chargeable for them (or would be chargeable if a resident in the United Kingdom) is required to return particulars thereof when making his own return. (*I.T.A.*, 1842, s. 51.) This includes such cases as that of a firm transacting underwriting business on behalf of clients

AGENTS—(contd.)

and accounting to them yearly for the profits. (*Lord Advocate v. Gibb*, 1906.)

An agent who is required to pay tax for his principal is authorised to deduct it from the profits of the latter. (*I.T.A.*, 1842, s. 44.)

In certain cases it has been emphasised that the agent, etc., must have the receipt of profits or gains belonging to the principal, otherwise the obligation stated above will not apply. (*Grainger and Son v. Gough*, 1896; *Crookston Brothers v. Furtado*, 1910.)

See also under **FOREIGN INCOME** (as regards agents who receive it in the United Kingdom) and **FOREIGN TRADERS** (as regards agents for the sale of their goods in the United Kingdom).

ALLOTMENTS.

Allotments of land are assessable under Schedule A on their annual value in respect of the owner's profits therefrom, and under Schedule B on one-third of their annual value in respect of the tenant's income therefrom. When the land is occupied as a market-garden the tenant's profits are assessable under Schedule D on the average amount thereof. (*I.T.A.*, 1842, s. 63, *Schedule B*, No. VIII.)

See also under **FARMERS**.

ALLOWANCES FROM ASSESSMENTS.

Allowances from assessments must not be confused with deductions from profits. The latter are dealt with under **DEDUCTIONS**. "Allowance" refers only to an advantage offered to a taxpayer on certain specific grounds, by reason of which he does not pay tax on the whole or on a part of his income. The allowances are as follows—

To individuals whose incomes do not exceed £160 per annum exemption is granted. (See under **EXEMPTIONS**.)

To individuals whose incomes exceed £160 but do not exceed £700, certain abatements are granted. (See under **ABATEMENTS**.)

To individuals who pay premiums on life insurance policies on their own lives or their wives', or for deferred annuities, an allowance is made. (See under **LIFE ASSURANCE**.)

To individuals whose incomes do not exceed £500, and who have

ALLOWANCES FROM ASSESSMENTS—(contd.)

children living whose ages do not exceed 16 years, an allowance is made. (See under CHILDREN.)

To owners of property allowances may be made as stated under LAND TAX and REPAIRS. Other allowances are dealt with under CLERGYMEN, DEPRECIATION OF PLANT AND MACHINERY, DRAINAGE, EMBANKMENTS, RELIGIOUS BODIES, SEA WALLS, and TITHES.

ALLOWANCES, VOLUNTARY.

Allowances made voluntarily (*e.g.*, by one relative to another) are not assessable on the recipient nor regarded as part of his income for purposes of abatement. On the other hand, the person making the allowance may not regard it as a deduction from or charge on his income, for income tax purposes. (See also under GIFTS.)

In *Dalrymple v. Dalrymple* (1902) it was held that an allowance made under an agreement which might be revoked by either party was not a voluntary allowance so long as the agreement continued unrevoked.

ALMSHOUSES.

The trustees of an almshouse are exempt from income tax on any building belonging to and occupied by them (so long as it is not occupied by any officer whose income amounts to £150 per annum), and also from tax on rents payable to the almshouse funds provided that they are applied to charitable purposes. (*I.T.A.*, 1842, s. 61, *Schedule A*, No. VI.) The term "almshouse" is not restricted to cases where provision is made only for people who are destitute. So long as the inmates are "poor" and there is a substantial charitable endowment, exemption may be allowed. (*Trustees of Mary Clarke Home v. Anderson*, 1904.) Yearly interest and government dividends received by an almshouse trust and applied to charitable purposes are not subject to income tax (*I.T.A.* 1842, s. 88 and s. 105), but dividends on company shares and any other trading profits are liable.

ALTERATIONS.

Money spent in the alteration of premises or fixtures is almost

ALTERATIONS—(contd.)

invariably regarded as a capital expense, and may not be charged against a trader's profits for income tax purposes. The assumption is that the alteration would not be made unless it were regarded as an improvement, and expense falling under the latter description is expressly forbidden to be charged. (See under IMPROVEMENTS.)

ALUM MINES OR WORKS.

Alum mines or works are included with ironworks, gasworks and certain other concerns whose profits arise out of land, but to which the ordinary rules of Schedule A cannot well apply. They are assessable on the profit of the preceding year. In most other respects the rules of Schedule D (for profits of trades, etc.) hold good.

ANGLING RIGHTS.

See under FISHERIES.

ANNUAL INTEREST.

While INTEREST, generally, is dealt with under that heading, the subject of annual interest calls for separate notice. The essential considerations with reference thereto are : (a) that any person paying it, whether out of profits charged to income tax or not out of such profits, is allowed to deduct tax therefrom, in the former case at the rate of tax or proportion of rates in force while the interest accrued, and in the latter case at the rate in force on the day of payment (*I.T.A.*, 1842, s. 102, and *C. and I.R.A.*, 1888, s. 24 (3)) ; and (b) that when a person pays, out of profits charged to tax, interest which is not annual, he is neither entitled to deduct tax in paying it nor, in many cases, to charge the interest as an expense in making his return for income tax purposes. (See under INTEREST as regards interest not being "annual.")

The term "annual interest" might seem to have to do simply with the length of the period over which the amount paid was accruing ; but as the Acts speak of a "yearly interest or other annual payment . . . whether received and payable half-yearly or at shorter or more distant periods" (*I.T.A.*, 1842, s. 102 and

ANNUAL INTEREST—(*contd.*)

I.T.A., 1853, s. 40) some other basis of determination must be sought for. It may be stated, however, that the term has not yet been exactly defined and that each case must be dealt with on its merits. But most difficulties will be got over by an examination of two cases taken to court on the point and of judicial dicta thereon. In *Goslings and Sharpe v. Blake*, 1889, it was held that interest paid to a banker on loans which lasted for less than a year was not yearly interest. The Master of the Rolls pointed out that a man might lend £1,000 for three months and charge “£30 for the use of it,” or might charge “interest at the rate of 12 per cent. per annum.” Both phrases amount to the same thing, and the fact that the latter phrase may be used does not make the £30 “annual interest.” Because the loan was to be made for less than a year, “it is impossible to say that the sum of money is fixed with reference to being paid at the end of the year. It has nothing to do with a year. . . . It is calculated upon and fixed by the fact that the money is to be lent for three months, and not with reference to anything with regard to a year at all, except in the form of language.” Lord Justice Bowen remarked: “It is not calculated on the supposition that the loan would last for a year, therefore it is not yearly interest when the loan does not last beyond the short period.” The inference is that, had the loan run for a year or more, the interest would have come within the term “annual interest.” In *Leeds Permanent Benefit Building Society v. Mallandaine*, 1897, the subject was the payments to a building society of certain sums which included part repayment of a loan and interest on the balance. Mr. Justice Wills said, “It seems to me that with the varying amount of interest payable every month it can hardly be called reasonably ‘yearly’ interest, which, as a general rule, means 5 per cent., or 10 per cent., or whatever the percentage may be upon an ascertained and ascertainable sum.”

In *Bebb v. Bunny* (1854), a person contracted for the purchase of real estate agreeing to pay interest on the purchase money at 5 per cent. per annum over any period which should elapse between the date fixed for completion and the day on which the purchase money was actually paid. It was held that, as the interest was in fact paid over a period longer than a year, it should be regarded

ANNUAL INTEREST—(contd.)

as "annual" or "yearly" interest and tax should be deducted therefrom. In *Davies v. Craven* (1907) a sum advanced on a Mortgage was made repayable upon the death of a certain person, with simple interest at 5 per cent. per annum from a certain date to the day of the death in question. It was held that the interest was annual.

It has been held that seven days' interest on a judgment debt is not "annual." (*In re Cooper*, 1912.)

The principle would appear to be as follows. When a loan is intended to last and does in fact last for less than a year, the interest thereon is not "annual"; neither is interest "annual" when its amount varies, say, month by month (*e.g.*, on a fluctuating bank overdraft). When money is lent for more than a year or for an indefinite period, and the interest is fixed on a yearly basis, it would be included in the definition of "annual" or "yearly" interest.

The method by which a person accounts to the Revenue for tax deducted from annual interest is described under ANNUAL PAYMENTS.

ANNUAL PAYMENTS.

This term does not only include payments made once a year. It also covers payments made by longer or shorter instalments so long as the amounts thereof are fixed with reference to a year or are paid or intended to be paid, year after year. (See also under ANNUAL INTEREST.)

A person making an annual payment of the nature which will be described may have no allowance from his own assessment in respect thereof. Thus, a man whose income from property is reckoned as £410, but who pays ground rent £25 out of this, will have no reduction made in respect of the £25. (If this is his sole income and he claims abatement the ground rent counts as a deduction for this purpose only and reduces his income below £400, thereby entitling him to an abatement of £160.) But he is authorised to pay the ground rent less tax thereon, and in this way recoups himself. In the case given he would pay (ignoring abatement and other allowances) tax on £410, being tax on £385 for himself and tax

ANNUAL PAYMENTS—(contd.)

on £25 for his ground landlord. The same applies to the other annual payments cited below.

When a man is thus entitled to deduct tax from payments made by him he is bound to pay it over to the Crown. No allowance (exemption, abatement, life insurance, children, repairs to property, etc.) to which he may be entitled may operate so as to reduce his liability below the amount from which he had the right to deduct the tax. (*I.T.A.*, 1842, s. 163, etc.)

Furthermore, when a person entitled to make such deduction has claimed to be assessed at a lower "earned income" rate, that claim will only be allowed after such portion of his income as will cover the tax deducted has been charged at the higher rate. (*F.A.*, 1907, s. 19 (5).) This is because tax must always be deducted at the full rate. Thus, a man who has a salary of £380 and taxed dividends £45, and who pays £55 annual interest will suffer tax as follows if a due claim to the earned rate has been made :

<i>Dividends</i> (tax deducted before receipt)	£45 at the highest rate
<i>Salary</i>	£380
Less abatement	£160
Nett ..	£220 to be charged
	£210 " " "
	£210 " lowest "

In this way he will have paid on £210 at the earned rate (total income £425, less interest £55, also less abatement £160 equals £210), and £55 at the highest rate to cover tax deducted by him.

When interest or an annuity is not paid out of income charged to income tax the payer is required to deduct tax and to hand it over to the Crown even though no assessment is made. (*C. and I.R.A.*, 1888, s. 24 (3).) In this case he should deduct tax at the rate in force on the day of payment. In other cases tax should be deducted at the rate or proportion of rates in force while the payment accrued. There are severe penalties for a refusal to allow tax to be deducted. (*I.T.A.*, 1842, s. 103; *I.T.A.*, 1853, s. 40). Any contract or agreement waiving the right to deduct tax is declared void. (*I.T.A.*, 1842, s. 104.)

The rules referred to above cover all annual payments which are of the nature of income in the hands of the recipient, and which

ANNUAL PAYMENTS—(contd.)

are made under a legal obligation. They include interest, ground rent, dividends, annuities and any other *similar* payments. In the cases of rent and of dividends special rules apply, for which see under RENT and DIVIDENDS.

In Delage and another v. Nugget Polish Co., Ltd. (1905), the plaintiffs, who were resident abroad, sold to the defendant company certain rights in a secret process, upon the terms that they should receive a fixed percentage of the gross receipts from the sale of the boot polish manufactured. It was held that the amount paid was an "annual payment" paid out of the profits of the company within s. 40 of the Income Tax Act, 1853, and that income tax should be deducted therefrom. It will be observed that the amount of this payment must vary from year to year, but the judge evidently considered it so obviously an "annual payment" within the section referred to that he hardly discussed this part of the case.

An exempt person resident in this country may claim repayment of tax deducted from any annual payment received by him. (See pages 78 and 184.)

ANNUAL VALUE.

Annual value is the basis selected for the assessment of property which is capable of occupation (*i.e.*, lands, houses, buildings, etc.). It is stated to be the rent by the year for which the property is let at rack rent (see under RACK-RENT), if the amount of such rent has been fixed by agreement within seven years preceding the year of assessment. If the property has not been so let at rack-rent the annual value should be taken as the rack-rent at which the property is worth to be let. (*I.T.A.*, 1842, s. 60.)

For income tax purposes the annual value of property within the Metropolis must be taken as the amount fixed by the local Rating Assessment Committee as adjusted on any appeal under the Rating Acts. (*V.M.A.*, 1869, s. 45.) Outside this area it is determined by the local commissioners of income tax. The assessment should include the annual value of "things on the premises to be rated and which are there for the purpose of making and which make the premises fit as premises for the particular purpose for which they are used." (*Tyne Boiler Works Co. v. Tynemouth Union*, 1886),

ANNUAL VALUE—(*contd.*)

but not of movable subjects included in the lease. (*Campbell v. Inland Revenue*, 1879.)

In *Tyne Boiler Works v. Tynemouth Union*, the machinery included in the rating (and similarly income tax) assessment was owned by the tenants. It was of a heavy character, including an engine, a boiler, shafting and travelling cranes. Such machines were mainly separate and distinct from each other, some being attached to the ground and others resting there by their own weight or on prepared foundations. In *Gifford, Fox & Co., v. Overseers of Chard* (1886), framework lace machines (bobbinets) fixed to the floor to steady them were included in the annual value of the premises. In *Laing v. Overseers of Bishopwearmouth* (1878), it was held that, in determining the annual value of premises for rating purposes, the following machinery should be taken into consideration, viz., boilers set in masonry with pipes passing through the buildings and underground; engines standing on iron bed plates bolted to stone foundations; shafts fastened to the walls; machines separate from each other, some being bolted to concrete foundations, and others simply resting on prepared beds. Some of the machinery and plant could be moved without injury, but all was used for the purposes of the business of the owner and occupier of the premises. Lord Justice Lopes's dictum in the *Tyne Boiler Works* case is of interest. "It is clear that personal property such as machinery is *per se*, not rateable, but, if attached so as to be either a landlord's or a tenant's fixture, or a trade fixture, it is equally clear that it is rateable as increasing the value of the premises, and the rent which a tenant from year to year might give for them. But then there are things which, though they may not be physically attached, or may be removable without damage to themselves or the freehold, are so placed on the premises, and so essential to their use for the purpose for which they are used, and so much intended to be used with them for that purpose, that they have practically become for the time being part of the premises, I am of opinion that they must be taken into account in estimating the rateable value of the premises."

ANNUITIES.

Annuities are a distinct subject of charge to income tax, falling

ANNUITIES—(*contd.*)

under the same provisions as interest. The question which most frequently arises with regard thereto is whether particular payments are properly regarded as annuities. The fact that they include repayment of capital is immaterial. So long as the instalments in question are regarded as annuities, tax is chargeable on the full amount thereof.

The word annuity does not include payments which merely represent the repayment of a debt by instalments. (*Secretary of State for India v. Scoble*, 1903.) The fact that a sum is described as an annuity does not decide the question. The real nature of the transaction involved must be looked at. (*Nizam's State Railway v. Wyatt*, 1890.) The determining principle is that where there was in the first place a debt which was incurred in pursuance of a purpose other than that of its subsequent repayment by instalments, the instalments (which may have chanced to be the means of repayment afterwards selected) may not be described as an annuity. In all cases where there was not this antecedent debt, periodic payments of the nature referred to are liable to taxation as instalments of an annuity. Where the payments are to be made according to the length of a certain life, or are determined by a consideration other than of the amount of an antecedent debt, these facts alone suffice to bring them within the meaning of the word under notice.

Chadwick v. Pearl Life Insurance Company (1905) is an instructive case. The owner of a lease received a gross rental of £1,925, from which he paid a ground rent of £300. He sold his interest for £1,000, the purchaser contracting to pay the ground rent and to pay the vendor the sum of £1,625 per annum in quarterly instalments until the lease terminated. It was held that the payment of £1,625 constituted an annuity from which tax should be deducted. Mr. Justice Walton said—"If there is a sum of money owing by a debtor to his creditor, and it is agreed between them that the debt shall be paid by annual instalments, it is admitted that the annual instalments are not annual payments (within the meaning of the Income Tax Acts); further than this, it appears . . . that where the debt and the obligation to pay the instalments are created by the same instrument the same rule applies, and the instalments are not

ANNUITIES—(contd.)

annual payments. It is obvious that there will be cases in which it will be very difficult to distinguish between an agreement to pay a debt by instalments, and an agreement for good consideration to make certain annual payments for a fixed number of years. In the one case there is an agreement for good consideration to pay a fixed gross amount, and to pay it by instalments; in the other there is an agreement for good consideration not to pay any fixed gross amount, but to make a certain, or it may be uncertain, number of annual payments. The distinction is a fine one and seems to depend on whether the agreement between the parties involves an obligation to pay a fixed gross sum. In the present case . . . I asked the plaintiff's counsel what was the gross amount payable, but received no satisfactory answer to the question. It is plain to me that no estimate of any gross amount was involved in the contract between the parties."

The law relating to the deduction of tax from annuities will be found stated under ANNUAL PAYMENTS. This tax is accounted for to the Revenue by the person or concern paying the annuities, whether by the Bank of England (in the case of annuities payable out of any public revenue) or by a private individual or a trading company.

APARTMENTS.

Profits made in letting unfurnished apartments are not assessable unless service is also provided. Such profits are considered to be included in the assessment under Schedule A (property tax). Profits made in letting furnished apartments are assessable under Schedule D. The basis on which such profits should be calculated is stated under FURNISHED HOUSES. (See also under PAYING GUESTS.)

APPEALS.

Any person—including the owner of any property concerned or a person in receipt of rent—*F. A., 1896, s. 28*,—may appeal against his assessment if he gives notice of his objection within ten days of being notified of the assessment. This notification is either delivered personally or (in the case of houses and lands) by public

APPEALS—(contd.)

notice. In the latter case persons assessed are entitled to inspect the assessment. (*T.M.A.*, 1880, s. 57; *I.T.A.*, 1842, s. 80.)

At the appeal the surveyor and the assessor are entitled to be present during the whole time of the commissioners hearing and determining the appeal (*T.M.A.*, 1880, s. 57), but it is now decided that this does not give them the right to remain with the commissioners if the appellant is ordered to retire. (*King v. Brixton Income Tax Commissioners*, 1913.)

The commissioners may order, or the appellant may require, the valuation of any property concerned by a valuer named by the commissioners. The expense of such valuation must be borne by the appellant unless the commissioners consider his action justified by the facts. (*I.T.A.*, 1842, s. 80; *I.T.A.*, 1853, s. 47.)

The commissioners may require the appellant to submit "a schedule containing such particulars as they shall demand under the authority of the Inland Revenue Acts respecting the property or profits." They may further require the appellant to answer questions, and to swear to the accuracy of the particulars supplied.

The commissioners may summon any person to give evidence on oath, except the appellant's clerk, agent or servant. The last-named witnesses, like the appellant himself, may refuse to answer any question or to take an oath. As to the effect of such refusal and the production of the appellant's accounts see under ACCOUNTS. (*I.T.A.*, 1842, s. 120 to 126.)

The commissioners are required to decide after hearing legal evidence (*T.M.A.*, 1880, s. 57), but may decline to hear any evidence whose purport they know and consider immaterial. (*Rex v. Commissioners for Offlow*, 1911.)

Where the appellant is at fault and the particulars required have not been supplied or are considered inaccurate, the commissioners may charge him at treble duty on the whole or part of the increased assessment. (*I.T.A.*, 1842, s. 127.)

Any assessment may be increased at the appeal. (*T.M.A.*, 1880, s. 57.)

In Ireland the appeals are heard by the special commissioners, subject to further appeal to the assistant barrister. (*I.T.A.*, 1853, s. 21 and 22.)

APPEALS—(*contd.*)

In Great Britain any appellant assessed under the rules of Schedule D may require the appeal to be heard by the special commissioners. (*I.T.A.*, 1842, s. 130.) See also under SPECIAL COMMISSIONERS.

The decision arrived at on any appeal is final, except that, if the appellant or the surveyor immediately expresses his dissatisfaction therewith on a point of law, he may, within twenty-one days, pay 20s. to the clerk, and require the commissioners to state a case for the opinion of the High Court. The assessment is dealt with according to the decision of the High Court, subject to further appeal to the Court of Appeal, and thence to the House of Lords. (*T.M.A.*, 1880, s. 59.) See also under HIGH COURT APPEALS.

Adjustments may be claimed at the end of the year as follows—

(1) If, during the year of assessment, a person ceases to exercise his trade, profession, employment, or vocation, or dies, or becomes bankrupt, he, or his executors, may, within three months of the end of the year, apply to the commissioners, who will amend the assessment as they think just, and order repayment of the sum overpaid. If any person has succeeded to such concern it must be proved that the profits have fallen short for some specific cause. (*I.T.A.*, 1842, s. 134 and s. 100 *Schedule D, Cases I and II, Rule IV.*) See Chapter IV for examples; also under SPECIFIC CAUSE.

(2) When a business concern has been set up within the year of assessment or the three years preceding, a claim may be made for the assessment to be based on the actual profits of the year, and for the repayment of any sum overpaid. (*F.A.*, 1907, s. 24 (2).) See Chapter IV for an example.

(3) On the cessation of any business, the person assessed may apply to be charged on the actual profits of the year, and may claim repayment of any tax paid in the three previous years in excess of that payable if the assessments had been made on the actual profits of each year. (*F.A.*, 1907, s. 24 (3).) See Chapter IV for an example.

(4) In the event of loss, the person assessed may, on application within six months of the year of assessment, be repaid so much of the tax paid on his aggregate income for the year as is equal to the

APPEALS—(contd.)

tax on the amount of the loss. When this is done, the loss may not be brought into the average in making assessments for subsequent years. (*C. and I.R.A.*, 1890, s. 23.) See Chapter IV for examples ; also under **LOSSES**.

The adjustments described above may not form the subject of an appeal to the High Court. (See page 233. See also under **ACCOUNTANTS, ETC., AT APPEALS**.)

APPRENTICES.

Apprentice fees are assessable on the recipient. They should be included with his other profits. The cost of the keep of apprentices who live in may be charged as an expense in the trader's or professional man's books.

ASSESSMENTS.

Income tax is imposed annually, and assessments are made for each year commencing on 6th April. Under Schedules A and B the amounts of the assessments remain in force for three years, unless a person was under-rated or omitted in the first year or becomes chargeable in the second or third year (*I.T.A.*, 1842, s. 87) ; where premises are altered a new subject of charge, of course, arises. In any other year, also, when a new valuation is not made, that of the preceding year is adopted by the Finance Acts. In the metropolis the full and just yearly rent is deemed to be the gross value stated in the valuation lists of the local assessment committee. (See under **LONDON**.)

Notices requiring returns are fixed by the assessors on church doors and market houses, and individual notices are also served. (*I.T.A.*, 1842, s. 47 and s. 48.) Returns must be made to the assessors, who deliver them to the general commissioners, unless a special assessment is asked for. (See under **SPECIAL ASSESSMENTS**.)

Under Schedules A, B and E the assessors make assessments to the best of their judgment. They are delivered to the surveyor, with the returns, for his examination. The surveyor may rectify them, if necessary, after which they are considered by the general commissioners who make such assessments as they think fit. In *Berry v. Farrow and Searcy* (1913), it was held that the commissioners

ASSESSMENTS—(*contd.*)

are required by the Income Tax Act, 1842, s. 80, to give notice of assessments under Schedules A and B either by public notice or by personal notice to each person charged, and that this requirement is extended to assessments under Schedule E by s. 188 of that Act, and to additional first assessments by the Taxes Management Act, 1880, s. 52. By section 16 of the latter Act a personal notice may be delivered to the person charged or left at his usual or last known place of abode. The plaintiff succeeded in an action for damages for illegal distraint inasmuch as the only notices of assessment served were left at the office of the company of which he was manager. He rarely attended such office and did not receive the notices. In these circumstances the office was held not to be his usual or last known place of abode.

Under Schedule D the assessor delivers to the surveyor a list of persons whom he has served with forms, and estimates the liability when no returns are made. The clerk to the commissioners makes an abstract of the returns in books. The surveyor examines the returns and the assessor's estimates, after which the additional commissioners make such assessments as appear just, and deliver them to the general commissioners. Notices of the assessments may not be given to the persons assessed until fourteen days after this delivery has been made, and notice thereof has been given to the surveyor. For subsequent procedure, see under **APPEALS**.

If, after the first assessments have been signed and allowed, the surveyor discovers any omission or under-charge, or that a person charged has not made a full and proper return, or that any allowance has been improperly granted, he may, under Schedules A, B and E (and within three years of the expiration of the year of assessment), certify the matter to the general commissioners, who are required to sign an additional first assessment, subject to appeal. In cases under Schedule D, the additional commissioners are required, within the same period, to make an additional first assessment, subject to the objection of the surveyor and to appeal. (*T.M. A.*, 1880, s. 52.) In *King v. Kensington Income Tax Commissioners* (1913) it was held that an additional assessment held good so long as the Additional Commissioners signed it within the three years mentioned; also that the surveyor of taxes is entitled to put the

ASSESSMENTS—(*contd.*)

additional commissioners in motion without legal evidence of the liability of the person to be assessed (*Bray, J.*—"We must ask ourselves: Has the surveyor any rights given him to obtain legal evidence? He has none. Up to this point he has no right whatever to see the books of the taxpayer, or to make anybody in the service of the taxpayer or anybody else make an affidavit. It would seem, therefore, most unlikely that the Legislature should have intended by the word 'discover' that he was to ascertain by legal evidence. It provides for a later trial, if I may call it so, of the question when either party appears.")

In any cases of under-assessment, the surveyor may make a surcharge on the persons liable, which must be signed by the general commissioners, subject to appeal. Where the commissioners consider that satisfactory information is not given by the appellant, they may charge him in treble duty. (*T.M. A.*, 1880, s. 63 to 65.)

No assessment or charge may be impeached by reason of a mistake therein, provided that the notice of charge is duly served on the person intended, and contains in substance, the particulars on which the charge is made. (*T.M. A.*, 1880, s. 55.)

The profits of trades, professions, etc., are assessable at the place where such concerns are carried on. Manufactures are chargeable at the place of manufacture and not at the place of sale. Companies are chargeable at their registered offices, these being the places where the concerns are managed. Other profits are chargeable at the house of the householder to whom they accrue, and in the case of persons who are not householders the assessments are made at the ordinary place of residence (or the place of residence at the time when the notices requiring returns were issued). (*I.T. A.*, 1842, s. 106.)

ASSESSOR.

The assessors of taxes are the local officers whose duty it is to affix public notices, to serve forms requiring returns and to estimate a person's liability where no return is made or the return made is unsatisfactory. They are appointed by the local commissioners, and the persons selected are compelled to accept the office, except that no person inhabiting any city, borough, or town corporate

ASSESSOR—(*contd.*)

may be compelled to be assessor for a place outside its limits. (*T.M. A.*, 1880, s. 42.)

In the majority of cases the appointment is held by the person who acts as collector. The remuneration is fixed and paid by the Board of Inland Revenue, but it may not be less than that paid in 1888 (for Schedules A and B) or 1890 (for Schedules D and E). (*F. A.*, 1908, s. 8.)

ASSETS.

The Income Tax Acts ignore assets as a general rule. Whether they decrease or increase in value, in the course of trading, is immaterial to the assessment. The only exception is where a person or company makes a practice of varying his or its assets with a view to profit. This is dealt with under PROFITS. A special allowance is made for the wear and tear of plant and machinery. (See under DEPRECIATION.) An important matter is discussed under EXHAUSTION OF CAPITAL. Other notes appear under CAPITAL, CEMETERIES, FURNITURE, HORSES, INVESTMENT COMPANIES, TYPEWRITERS, etc., etc.

ASSOCIATIONS.

See under CLUBS; SUBSCRIPTIONS; SUPPLY ASSOCIATIONS; TRADE ASSOCIATIONS.

ASYLUMS.

An asylum may be exempted from income tax under Schedule A (property tax) either on the ground of Crown privilege or as a hospital provided substantially for charitable purposes. Exemption may be claimed on the first ground only in cases such as that of a county lunatic asylum, where the property may be regarded as being in the occupation of the Crown.

The public buildings, offices and premises belonging to a hospital may be exempted under Schedule A, provided that no individual officer whose income amounts to £150 per annum or any person who pays rent for his quarters resides thereon. In *Needham v. Bowers* (1888) this exemption was refused to a self-supporting institution for the insane in which some patients paid sufficiently

ASYLUMS—(contd.)

well for poorer ones to be supported without payment, although it was founded by charitable donations and made no profit. In *Cawse v. Lunatic Hospital, Nottingham* (1891), exemption was allowed to an asylum with substantial charitable endowments, although some patients were taken at remunerative prices. The distinction between these cases is that the first institution was practically self-supporting, whereas the second was greatly dependent on the income from its endowment. "The question is not," said a judge in the latter case, "whether this institution does or does not in any particular year receive payment from patients which enables it to pay its way. The question is, what is the character of the institution itself? In this case there is a substantial endowment."

AVERAGES.

The normal three years' average, other averages, and exceptions to the average system are dealt with in Chapters III and IV. The following is a list of the various averages and the nature of the concerns affected.

Assessable on the profits of the year of assessment. Interest arising from foreign and colonial securities (on the amount received in the United Kingdom for all years up to and including 1913/14); salaries, etc., arising from an office under a company, society, etc. (Schedule E.)

Assessable on the profits of the year preceding the year of assessment. Interest received without tax having been deducted; perquisites arising from an office under a company, society, etc. (Schedule E, alternatively on the average of the past three years); tithes arising from land, compounded; rents and money payments in lieu of tithes arising from land; fines on a demise of land or tenements; quarries of stone, slate, limestone or chalk; ironworks, gasworks; salt springs or works; alum mines or works; waterworks; streams of water; canals; inland navigations; docks; drains and levels; fishings; markets and fairs; tolls; railways; bridges; ferries.

Assessable on the average profits of three preceding years. Trades, manufactures, adventures and concerns in the nature of trade; professions, employments (not under a company, society, etc.), and

AVERAGES—(contd.)

vocations ; remittances from foreign and colonial possessions (on the average amount received in the United Kingdom for all years up to 1913/14 inclusive) ; tithes taken in kind ; dues and payments in right of church or by endowment, or in lieu of tithes not arising from lands and of teinds in Scotland ; perquisites arising from an office under a company, society, etc. (Schedule E, alternatively on the profits of the preceding year).

Assessable on the average of the five preceding years. Mines of coal, tin, lead, copper, mundic, iron, and other mines.

Assessable on the average profits of the seven preceding years. Dues and other casual profits of manors and royalties.

BAD DEBTS.

See under DEBTS.

BANDSMEN AND MUSICIANS.

A bandsman is not entitled to charge against his earnings or profits any expenses incurred in travelling to his place of employment unless it is part of his business to travel to different places. (See under TRAVELLING EXPENSES.) Neither may any allowance be made for the cost of food or lodging incurred in consequence of his employment taking him from his usual residence. Deductions may be made for the upkeep of his instruments but not for the purchase of a new one in the first place. No allowance should be made on account of his clothes, strictly speaking, but where it can be shown that his business necessitates such special outlay as the supply of a uniform, the frequent purchase and washing of gloves, etc., the commissioners will, no doubt, take this into consideration in fixing the assessment. Allowance may be claimed for the normal cost of music which the bandsman is required to purchase.

BANK INTEREST.

Interest allowed by a bank is assessable on the recipient on the amount credited during the year preceding the year of assessment (*I.T.*, 1842, s. 100, *Schedule D, Case III*), except where it is annual (see under ANNUAL INTEREST) and tax is deducted therefrom.

Annual interest paid to a bank may never be charged as an

BANK INTEREST—(contd.)

expense in a trader's accounts. (See under ANNUAL INTEREST as to the meaning of the term.) The borrower is entitled to deduct tax from all such interest paid by him, as explained under ANNUAL PAYMENT. It is well known that banks do not care about allowing the deduction, but they have no option if the borrower insists. (*I.T.A.*, 1842, s. 103.)

Interest not being annual is treated differently. There is nothing in the Acts allowing tax to be deducted therefrom in the ordinary way, and the bankers receiving it will usually include it in their profits to be charged by direct assessment on them. The borrower must obtain an allowance in another way, if at all.

Interest paid on a loan obtained for use as capital is naturally regarded as an expense in obtaining capital. As such it is expressly forbidden to be charged against profits. (*I.T.A.*, 1842, s. 100, *Case I, Rule 3*.) In most cases of this description the Board of Inland Revenue, under a long-standing concession, grant repayment of tax on the amount of the interest always provided that the interest is not "annual." (See under ANNUAL INTEREST.) It will, of course, be understood that repayment cannot be made of any sum exceeding the amount of tax borne by the claimant in some way or another. Repayment is limited to the past three years, and can only be granted on a certificate on the prescribed form, which may be obtained from the bankers concerned. This paragraph refers particularly to loans obtained for the purpose of purchasing property, shares, etc.

In *De Peyer v. The King* (1909) reference was made to the fact that the concession referred to above is restricted to the case of interest on bank loans which have lasted for at least a year. A person borrowed some money from his bankers for a short period, and did not (probably could not) deduct tax from the interest thereon. He paid the interest out of the taxed dividends accruing from the stock purchased with the borrowed money, and the Board of Inland Revenue refused to "repay" to him an amount equivalent to tax on the interest, on the ground that the loan had not lasted for a year. An action against the Revenue failed.

Interest on money borrowed in the course of trading (and not for use as capital) may be charged as an expense in the trader's accounts.

BANK INTEREST—(contd.)

In a recent case a financial and investment company paid interest on fluctuating short loans, and were allowed to set it against their profits. Lord Atkinson said, "Money borrowed by such a company in the fluctuating temporary manner in which it has been borrowed by them, *the daily borrowing and lending of money being part of their trade and business*, is not to be treated . . . as capital. . . . The interest is, in truth, money paid for the use or hire of an instrument of their trade." (*Farmer v. Scottish North American Trust, Ltd.*) The words italicised illustrate the principle involved. The subject is dealt with in more detail under INTEREST.

This note will conclude with examples showing the working of the rules referred to.

A buys a house but has not sufficient capital. He deposits deeds with his bankers, who advance him £1,000, repayable by any instalments the borrower pleases, at interest 1 per cent. above the bank rate. The loan lasts for more than a year. The interest is not annual and tax may not be deducted. On production of the usual banker's certificate and proof that he has paid tax to cover, the authorities will repay A an amount equal to tax on the interest.

B is in the same position as A, save that he repays the loan within a year. The interest is not annual and B can obtain no allowance or repayment.

C is a merchant in need of a temporary loan owing to certain debtors having delayed payment. He deposits deeds with his bankers and is allowed to overdraw his account. The interest paid may be charged in his accounts as a trade expense.

D is a cotton spinner who decides to extend his mills. He deposits deeds and is allowed to draw on the bank up to £5,000, at $\frac{1}{2}$ per cent. above the bank rate. The loan extends over several years. The interest is not annual. Being a capital expense it may not be set against D's trade profits. The authorities will repay him an amount equal to tax on the interest, on production of the usual banker's certificate and proof that he has paid tax to cover.

E is in the same position as D, but mortgages his property to the bank for £5,000 at 5 per cent. The term of the loan is indefinite. E may deduct tax on the interest and may retain so much of it as refers to interest paid out of taxed profits.

BANK INTEREST—(contd.)

F is an executor who, requiring money for estate duty purposes, deposits deeds with his bankers and borrows money at a fluctuating rate of interest. He pays the interest out of the taxed income of the estate. The interest is not annual. If the loan exists for a year or more he may be repaid tax on the amount of the interest. If the loan is repaid within a year the executor can obtain no allowance or repayment under the existing rules.

BANK MANAGERS.

Bank managers are assessable on their average earnings during the past three years unless they are employed by a company, in which case the assessment is based on the salary of the year of assessment. The average is usually allowed to bank clerks and cashiers.

BANKERS.

Bankers are assessable on the average profits of the past three years. Each year's accounts may be adjusted for income tax purposes as follows—

Balance of Profit and Loss Account	£190,000
<i>Add—</i>	
All sums added to Reserves from Profits	£25,000
Profits on realisation of investments added to Reserve	2,100
Sums written off securities	10,000
Amounts written off as depreciation of premises	3,000
Income Tax, Ground Rent, etc. (and any other expense not allowable, as explained in Chap. II)	11,000
	51,100
<i>Deduct—</i>	241,100
Annual Value of premises (nett Schedule A assessment) for which rent has not been charged in the accounts	23,000
Loss on realisation of investments charged against Reserve in the accounts	4,000
Interest, Dividends, Rents, etc., from which tax has been deducted before receipt (<i>i.e.</i> , the amount actually included in the accounts)	123,000
	150,000
Profit for income-tax purposes	£91,100

The effect of the adjustments relating to investments is to cancel

BANKERS—(contd.)

all mere book-keeping entries made by the banker. Profits or losses on realisation are estimated in comparison with the purchase price.

See under FOREIGN INCOME as to a banker's duty in regard to foreign income sent to him for payment in the United Kingdom. The requirements referred to there may not be regarded as imposing any obligation to disclose any particulars relating to the affairs of a person from whom he acts. (*C. and I.R.A.*, 1885, s. 26.) (See also under BANK INTEREST.)

BANKERS' CHARGES.

Charges in respect of the custody of deeds and the supply of cheque books are allowable as deductions from profits. Charges made for the keeping of accounts are similarly allowable. Bank interest is dealt with above.

BANKRUPTCY.

If a person becomes bankrupt he may make application to the commissioners for his assessment to be amended to the amount of his profits during the year. He may also make a claim, within three months of the year of assessment, for the repayment of any excess of tax paid. (*I.T.A.*, 1842, s. 134.) If his creditors take over and carry on the business they must pay tax on the full profits without any deduction being made in respect of the payment of old debts. (*Armitage v. Moore*, 1900.) See also under CESSATION OF BUSINESS.

It has been held that an assessment may not be expunged in bankruptcy proceedings, even on evidence that no profit has been made. That question must be determined by appeal to the income tax commissioners. (*Calvert v. Walker*, 1899.)

BARRISTERS AT APPEALS.

See under ACCOUNTANTS AT APPEALS.

BETTING PROFITS.

If a person bets systematically so that he may be said to exercise the trade of betting (irrespective of any question as to whether he is dependent on the proceeds for his living) he may be assessed on

BETTING PROFITS—(contd.)

his profits. In *Partridge v. Mallandaine* (1886) one judge expressed the opinion that betting is not illegal, and another judge expressed the contrary opinion; but both agreed that the profits of systematic betting are assessable.

BOARD AND LODGING.

The value of the board and lodging granted to an employee may not be included in an assessment on him nor regarded as income in connection with a claim to exemption or abatement. The only qualification is that if the board and lodging have a pecuniary value (*e.g.*, if board-wages are paid at any time or if the employee may sublet the apartments granted to him) that value is assessable. This matter was decided in the courts in connection with a residence provided for a bank official. (See under RENT-FREE RESIDENCE.)

Expenses incurred by a trader in providing board and lodging for his employees may be charged in his accounts, when such provision is part of the consideration for their services. The expense incurred by a trader or employer in providing food and lodging for himself are not allowable as deductions from his profits or earnings.

BOARDING HOUSES.

Boarding houses are assessed under the rules which govern assessments on trade profits. No allowance is made for new furniture, plate, china, etc., save for the expense of renewals and replacements (*i.e.*, for any outlay which serves merely to restore the stock of the article in question to its former condition or value). Accounts should be adjusted, for income tax purposes, according to the rules and examples contained in Chapter II. A special note is needed, however, as to the personal expenses of the proprietor. These should be deleted from the accounts, including his (or his family's) food, washing, etc., and a portion of the rent, rates, service, lighting and heating. The proportion of rent considered as applicable to the proprietor is fixed by law at a minimum of one-third. (*I. T. A.*, 1842, s. 101.) In the case of a boarding-house, this proportion is usually higher than the facts would justify,

BOARDING HOUSES—(contd.)

but there is no redress. The rates are usually considered to follow the rent and, therefore, one-third of this charge also is disallowed. The proportion of the charges for lighting, heating, food, washing and service to be excluded from the expenses will depend wholly on the facts. There is no legal obligation on the point save that the arrangement come to shall be equitable.

A note respecting Inhabited House Duty may be useful. Where a dwelling-house is occupied by a person "for the main purpose" of letting furnished lodgings therein as a means of livelihood, the house may be placed on the lower or "shop" scale of house duty (*i.e.*, 2d. in the £ where the annual value is £20 but does not exceed £40; 4d. in the £ where the annual value exceeds £40 but does not exceed £60; 6d. in the £ for houses where the annual value exceeds £60—see under ANNUAL VALUE as to this term). The necessary procedure is to register particulars with the clerk to the commissioners before 1st October and to apply to the commissioners before 1st November. (*C. and I.R.A.*, 1890, s. 26 (1).) In practice it is as well to consult the surveyor of taxes before 1st October in any year.

It should be noted that a boarding-house keeper is usually served with a form requiring a list of inmates to be completed. This does not refer to a casual visitor, but any inmates whose stay is of some duration should be included in the list. A space is provided for the insertion of the business address, etc., from which such inmate makes his return, and it is advisable to give him an opportunity of including this information.

BOILERS.

Boilers are included in the term "plant and machinery," and an allowance for depreciation may be claimed in respect thereof. There is no fixed basis on which the allowance should be calculated, and the general remarks to be found under DEPRECIATION will apply to this particular kind of plant. No deduction from profits may be made in respect of boilers except in the case described under OBSOLESCENCE.

See under ANNUAL VALUE as to the inclusion of boilers with the premises in determining the annual value under Schedule A.

BONDS.

For all purposes relating to income tax, bonds may be regarded as a particular form of **DIVIDENDS**, which see. Whenever dividend voucher tops are required in support of repayment claims, the claimant should, in the case of bearer bonds, obtain a certificate from his banker on the prescribed form. (See Chapter IX.)

BONUSES TO EMPLOYEES.

These are assessable to income tax, however personal and voluntary the gift may be thought to be. The matter has been before the Courts several times in connection with the assessing of gifts made to clergymen (see under **CLERGYMEN**), and the principle established would extend to bonuses as follows : where the payments are made to the employees because they are employees they are assessable. They are in every way regarded as part of the salary earned.

The employer may, of course, include them among his expenses for purposes of his own assessment. If this is not done, the recipient will not be asked to pay tax thereon again, but the amount must nevertheless appear as taxed income on his claim to abatement, etc.

BOOKS.

The cost of directories and similar books of reference used in a business may be set against the assessable profits. Similarly a lawyer may deduct sums paid for current reports, etc. A clergyman or minister of religion, however, may not be allowed the cost of purchasing books required for purposes of study. This rule would apply to lawyers and business men in connection with any books which may be said to equip them for their business rather than to be used in the carrying on of their business.

BRANCHES.

The profits of the various branches of a business should be aggregated and assessed in one sum at the centre of management. When a new branch is opened no particular adjustment is needed in connection with the average "system of assessment." Thus, in the first year the assessment will not be affected by the new branch and in the second year one-third of the first year's profits of that branch

BRANCHES—(contd.)

will be included in the assessment. When a branch is taken over as a going concern, however, the fusion should be treated as the amalgamation of two businesses. The average profit of the main concern and that of the branch that now is, should be added together. (*Bell v. National Provincial Bank of England*, 1903.)

BREWERIES.

The profits of breweries are assessable on the basis shown in Chapters II to IV. It happens, however, that (in consequence of the special legislation which concerns this trade and of the connection of breweries with "tied" and "managed" licensed houses) certain points of general interest have been decided on cases stated with reference to brewers' profits. The general principle adopted has been to regard the trade of brewing as quite distinct from that of "controlling" public-houses. Expenses incurred in the latter connection have not been allowed as charges in the brewers' accounts. Thus, deductions were refused in respect of a premium paid for the lease of licensed premises re-let as a tied house (*Watney and Co. v. Musgrave*, 1880), the expense of repairs to a tied house in excess of the allowance under Schedule A (*Brickwood and Co. v. Reynolds*, 1898), and payments made to the owners of public-houses for the right to call for the surrender of their licences if the brewers' applications for new licences were successful (*Southwell v. Savill Bros., Ltd.*, 1901). The general ground on which these decisions have been given is that it is not part of the brewer's trade to secure tied houses. If he does so it is as an investment to safeguard the interests of his trade, *i.e.*, the retailing of his beer. These cases still stand, but a recent case is not in line with them. In *Smith v. Lion Brewery Co., Ltd.* (1910), the company were allowed to deduct from their profits as brewers that part of the Compensation Fund Charges on their tied houses which was ultimately borne by them. This case had different fortunes in the various courts, and as the opinions in the House of Lords were equally divided the judgment of the next highest Court in favour of the brewers was sustained. In *Bruce v. Usher's Wiltshire Brewery, Ltd.* (1914), the Court of Appeal refused allowances in respect of the following sums expended in connection with

BREWERIES—(contd.)

tied houses, viz., the difference between rents received and rents paid, fire and licence insurance premiums, rates and taxes, legal costs and the cost of repairs. The last word on the subject of brewers and the expense of their tied houses possibly has not yet been spoken. At present, the rules are as follows. The rents paid for and received from tied houses should be deleted from the brewer's accounts, as should all other charges in connection therewith, except the Compensation Fund Charge.

The case of houses under management is different. The brewers undoubtedly carry on the business here through their managers, and all receipts and payments should pass through the brewer's accounts for income tax purposes.

See also under LICENSED PREMISES for an examination of the principles on which the cases referred to above have been decided.

BRIDGES.

Bridges are assessed on the actual profits of the year preceding the year of assessment. (*I.T.A.*, 1842, s. 60, *Schedule A*, No. III, Rule 3.) The cost of repairs and renewals of parts should be allowed. The provisions of Schedule D apply so far as they are not inconsistent with those of Schedule A, No. III. (*R.A.*, 1866, s. 8.)

BROKERS' CHARGES.

The expense of investing money is regarded as a capital expense, and is not allowable as a deduction from dividends or profits. Similarly the cost of issuing shares and debentures may not be allowed. (*Texas Land and Mortgage Co. v. Holtham*, 1894.) In the case of a concern whose profits and losses on the realisation of its investments are brought into the revenue accounts for income tax purposes (see under INVESTMENTS as to this), the brokers' charges are reckoned as part of the purchase price and as a deduction from the selling price.

BUILDERS.

The profits of a builder are assessable according to the general

BUILDERS—(contd.)

rules for trades detailed in Chapters II to IV. It may be observed, however, that the profits assessable should include sums earned (less specific bad debts), and not merely sums received. The proceeds of a contract should be brought into the accounts as soon as the work is finished and the profit is ascertainable. A little difficulty is sometimes experienced as regards contracts which are unfinished at the time the books are made up. The accounts will show certain outlays for wages, material, etc., but possibly no income in respect of the particular contract. The correct plan is to include as a receipt the value of the work completed to date (as would be done for the trader's own purposes by any accountants who prepared the accounts). An exact adjustment should be made in the subsequent accounts when the actual result is known.

Builders' plant may be divided into two classes. Engines, cranes, and similar machinery fall under the description "plant and machinery," on which an allowance for depreciation may be claimed. (See under DEPRECIATION.) Scaffolding, ropes, ladders, barrows and carts are not usually considered to be "plant and machinery" within the meaning of the Income Tax Acts, and no allowance is made for the depreciation thereof. But each year's accounts may contain the actual cost of renewals, replacements and repairs thereto, and in most cases this will meet the builder's wishes. This deduction is intended to cover what he spends in maintaining the utensils at their former value.

BUILDING SOCIETIES.

A building society is in precisely the same place, in law, as an individual acting as the society does in regard to issuing mortgages, receiving interest, etc. A person paying interest to a society on a fixed loan is entitled to deduct tax therefrom, but no tax may probably be deducted from periodical payments of interest and repayments of a loan when they are combined in one sum. (See under ANNUAL INTEREST as to this.) The society is assessable, however, on all interest received without deduction of tax. (*Leeds Permanent Benefit Building Society v. Mallandaine*, 1897.)

Special arrangements (A and B) may be made by any building

BUILDING SOCIETIES—(contd.)

society with the Revenue Authorities, whereby all liability is met with a great saving of trouble to both the society and its clients.

BURGLARY.

Premiums paid by a trader for the assurance of his trade premises and goods against loss by burglary are allowable as deductions from his profits. An indemnity received from an assurance company is not assessable to income tax, but no deduction may be made for any loss covered by the policy. (*I.T.A.*, 1842, s. 100, *Schedule D, Case I, Rule 3.*) A loss incurred by burglary, not being covered by assurance, is usually allowed by the local commissioners as a deduction from the assessment.

BUSINESS PREMISES.

The rent paid for business premises should be charged against the profits of the business. Where the trader owns the premises he should charge the annual value thereof. He is usually allowed a choice between two systems. Either he may charge the amount of the *gross* Schedule A (property tax) assessment, in which case he will not charge the cost of repairs, or he may charge the amount of the *nett* Schedule A assessment (usually five-sixths of the gross amount), in which case he will also charge the actual cost of repairs. It will be understood that the commissioners will compel a trader to keep to the plan he has adopted in all future years, whatever the effect may be. The former system is no doubt the correct one according to the strict letter of the law, as the owner-occupier of a house does the repairs in the capacity of owner.

No allowance may be made for ground rent and interest, or for the cost of the premises or of the premium paid for a lease. (*Gillatt and Watts v. Colquhoun*, 1884.)

Where a trader is required by his lease to execute all or any repairs to his business premises, he may charge the cost thereof against his profits.

Where a trader resides on premises in which his business is carried on he may charge only the proportion of the rent or annual value which relates to the premises used for business purposes. This

BUSINESS PREMISES—(contd.)

proportion may in no case exceed two-thirds. (*I.T.A.*, 1842, s. 101.)

It should be remembered that all the adjustments referred to above should be made from each year's figures and not from the average of the three years' figures. This applies also to the deduction of the annual value from trade profits, when the trader owns his business premises and does not charge rent in the accounts. (*General Hydraulic Power Co., Ltd. v. Hancock*, 1913.)

CALLS PAID IN ADVANCE.

The shareholder will not in any circumstances seek to charge such calls as a trade expense. The payment is obviously by way of investment. The only question of income tax which can arise between the company and the shareholder concerns the deduction of tax from interest paid on the advances. Tax may be deducted if the interest falls within the definition of "ANNUAL INTEREST" (which see). It may be stated here, however, that unless the call is advanced for a period of a year or more, the interest thereon is not annual and tax may not be deducted. (The only exception to this is when the interest is not paid out of profits, *e.g.*, when it is paid before profits are earned. In this case, whether the interest is annual or not, tax should be deducted by the company and handed over to the Revenue.) (*C. and I.R.A.*, 1888, s. 24.)

The investor is required to make a return of all untaxed interest which accrues to him, and he should return the amount which he received during the year preceding the year of assessment.

There remains the question whether the company may charge in its accounts as an expense interest paid on advance calls. There is no specific enactment or case on the point, but there seems no doubt that in most cases, such interest is money spent in obtaining capital. If this is so the deduction may not be made. A certain company paid a bonus on repaying borrowed capital, as required by contract, and the Court refused to allow this expense to be charged against the company's profits. (*Arizona Copper Co. v. Smiles*, 1891.) While a bonus is quite different from interest on prepaid calls, a judge's dictum on the former matter applies equally to the latter. "It (the bonus) appears to me, as a sum paid in

CALLS PAID IN ADVANCE—(contd.)

return for a loan of capital, to be entirely heterogeneous to those outlays the deduction of which is permitted as being necessarily incidental to the earning of profits." If it should happen, however, that the company required such advances for use, not as capital but in the way of trade, a claim to charge the interest as an expense might probably be founded on the decision in *Farmer v. Scottish North American Trust, Ltd.* (1912), referred to under BANK INTEREST.

CANALS AND INLAND NAVIGATIONS.

These concerns are assessable on the profits of the year preceding the year of assessment. (*I.T.A.*, 1842, s. 60, *Schedule A*, No. III.) Duty is chargeable on the full amount of the profits without any deduction for rent and similar payments, from which tax should be deducted by the canal authorities. The assessment should be made in one sum at the head office of the concern.

The rules of Schedule D apply so far as they are consistent with those of Schedule A, No. III. (*R.A.*, 1866, s. 8.)

CAPITAL.

It is a thoroughly established rule that no charge may be made against profits in respect of capital outlay, and it may be observed in the first place that neither the Acts nor the Courts have given the word "capital" any meaning other than that which it has in ordinary commercial use. "In a rough way," said the Lord President in *Vallambrosa Rubber Co., Ltd. v. Farmer* (1910), "I think it is not a bad criterion of what is capital expenditure as against what is income expenditure to say that capital expenditure is a thing that is going to be spent once and for all, and income expenditure is a thing that is going to recur every year." This broad distinction between capital matters and non-capital matters is obvious. As regards subjects that are on the border line, it will be realised that a contractor's steam-engine is capital, but his pick-axes are utensils. The same difference will be seen to exist between a shopkeeper's window fittings and his price-tickets. The normal cost of utensils is allowable (see under UTENSILS), but not that of capital subjects. Particular cases in which this rule

CAPITAL—(*contd.*)

is followed will be found under EXHAUSTION OF CAPITAL, IMPROVEMENTS, INVESTMENTS, PITSINKING, and REMOVALS.

An increase of capital escapes assessment by the same rule, except where persons or companies trade with their assets and the gain is held to be a profit of trading. This subject is dealt with under PROFIT.

As regards borrowed capital, it has been laid down that no distinction is to be made between a trader who uses his own capital and another who has to borrow what money he requires. (*Mr. Justice Mathew in Texas Land and Mortgage Co. v. Holtham, 1894.*) That is to say, if two businesses produce equal profit they are to be charged equally, notwithstanding that one is established on borrowed capital. The cost of borrowing is not admitted as a trade expense. Even if there were no specific prohibition of the deduction of certain interests from profits (see under INTEREST) it would often be disallowed under this rule. The expense of issuing debentures, the commission allowed to the underwriters of an issue of share capital, and similar expenses are inadmissible as deductions.

CARETAKER.

Wages paid to a caretaker and the value of premises occupied by him may be charged in a trader's accounts as a business expense. The value of the premises occupied by the caretaker should not be included in a claim to exemption or abatement made by such caretaker.

The presence of a caretaker and his family (not paying rent) in an empty house does not prevent the owner from claiming the usual allowance under Schedule A (property tax) if he is otherwise entitled thereto. (See under EMPTY PROPERTY.) This observation applies also to house duty.

CARRIAGES.

A carriage used by a professional man is not a subject in respect of which an allowance can be made for wear and tear. The cost of upkeep and repairs may be allowed; also the cost of a new carriage if it can be shown that it merely replaces a former one. In the latter case the nett expense only may be charged, *i.e.*, the actual

CARRIAGES—(contd.)

cost less the proceeds of the old one if sold. If the new carriage is worth more than its predecessor was when first used for the particular profession in question, a part only of the cost may be claimed. It should be borne in mind that if the carriage is used privately as well as professionally some part of the cost of upkeep, repairs, stable expenses, coachman's wages and replacement should be deducted from the full cost before an allowance is claimed.

CARTS.

A trader's carts are not regarded as plant and machinery on which an allowance for depreciation may be claimed, but the cost of repairs, renewals and replacements should be charged in each year's accounts. The observations made under CARRIAGES regarding the purchase of a new vehicle apply also to the case of a trader's carts.

CASUAL PROFITS.

The term "casual profits" is not found under Schedule D, but is taken to mean a profit which is irregular in its recurrence. A profit on selling a house, payment received for a solitary newspaper article, and miscellaneous fees earned at irregular intervals are of the class referred to. In some cases there is no liability to tax, but it is a mistake to emphasise the word *casual* in determining this. The question to be asked is whether the item in question is a *profit* within the meaning of the charging sections of the Income Tax Acts.

This matter is dealt with generally under PROFITS, but as regards receipts which might be termed casual, the following questions should be asked: First, are they the proceeds of a trade, profession or employment? Thus, if a man *makes a practice* of buying and selling houses, pictures or even stamps, he is regarded as carrying on a trade therein. In this case he is undoubtedly assessable. If, however, the sale is an isolated transaction it does not constitute the carrying on of a trade. Similarly literary gains are assessable, because the labour of preparing the article or book constitutes the carrying on of a trade or profession. It has not been determined whether an assessment on the product of an isolated article would be sustained in the Courts.

But there is a further test which a gain must pass before being

CASUAL PROFITS—(contd.)

held to escape assessment. The second question is this : Although not the profit of a trade, employment, or profession, is the receipt in question an *annual* profit ? If so, it is liable to income tax. Thus, if A sells the copyright of a book which B has given him, the gain accruing to A is not the profit of a trade as far as he is concerned. If the price he receives is paid in annual instalments or royalties, however, such yearly income is assessable as an annual profit, *i.e.*, as an annual profit on the selling of what was given to him.

A "casual profit" which escapes these tests must escape assessment.

CATTLE DEALERS.

A farmer is assessable under Schedule B on one-third of his rent (see under FARMERS), but there is a special provision to meet the case of a dealer who keeps more cattle than his lands will support. The commissioners may require a return of his profits, and may in any year assess under Schedule D whatever profits were made in the previous year in excess of the Schedule B assessment. (*I. T. A.* 1842, s. 100, *Schedule D, Case III.*) See also under GRAZIERS.

CEMETERIES.

It has been held that a cemetery is assessable under Schedule A, No. III, that is on the actual profits of the preceding year. (*Edinburgh Southern Cemetery Co. v. Kinmont*, 1889.) The question that at once arises in ascertaining these profits is what allowance, if any, may be claimed on account of the exhaustion of the ground which forms the cemetery company's stock-in-trade. As is shown under EXHAUSTION OF CAPITAL, however, no allowance whatever may be made on this account. In the case mentioned above such a deduction was refused and in *Paisley Cemetery Company v. Reith*, 1898, no allowance was made in respect of perpetual obligations of maintenance undertaken in return for the sums assessed. The only deductions made are for the cost of upkeep, repairs and management.

CESSATION OF BUSINESS.

This is dealt with in Chapter IV on EXCEPTIONS TO THE

CESSATION OF BUSINESS—(contd.)

AVERAGE SYSTEM. As shown there the average system of assessment may be departed from for the year in which the business ceases, and an adjustment for the three preceding years may be made by means of a repayment claim.

CHANCERY.

Payments out of Chancery are regarded in exactly the same way as any other payments. If they represent profits or interest hitherto untaxed they are chargeable to income tax without reference to the legal machinery by which they are registered and controlled. The amount *accruing* to the person entitled thereto, during any year or period (*i.e.*, the amount to which he is entitled for that period) is the amount which should be returned for purposes of assessment (if untaxed) or of a claim to abatement, etc. The amount which chances to be *paid* within the year is not the material circumstance.

CHANGE OF PROPRIETORSHIP.

In the case of a trade, profession, etc., the income tax assessment is always made on the profits of a business, and it will stand unaffected by any change of proprietorship or change in partnership during the year. (*I. T. A.*, 1842, s. 100, *Schedule D, Cases I and II, Rule 4.*) Thus, if A takes over a business from B on 1st January, 1914, his income tax liability will be as follows—

1st January, 1914, to 5th April, 1914.— $\frac{1}{4}$ of the assessment made on B for 1913/1914, this assessment being based on B's average profits for 1910, 1911, and 1912.

5th April, 1914, to 5th April, 1915 (Year 1914/15).—The average of the profits of the business for 1911, 1912, and 1913, and so on.

The allowances for abatement, life insurance and children are personal to him, however, and will be based on his own income and circumstances (the business portion of such income being reckoned as shown above for these purposes also).

In certain circumstances A may have the assessments adjusted to the actual amount of profit which he makes. For this purpose he is required to prove that the profits of the business have fallen

CHANGE OF PROPRIETORSHIP—(contd.)

short of the sums assessed because of "some specific cause" since the change of proprietorship took place or by reason of that change. That is to say, (1) he may bring forward some reason for the profits falling, such as the opening of a rival shop or an "unusual, exceptional, and extraordinary depression of trade" (see under SPECIFIC CAUSE) since he took the business; or (2) he may show that the change of proprietorship entailed in itself a specific cause of the profits falling subsequently. In the latter case he would be allowed to base his claim on such facts as the following, viz., that his advent brought a scarcity of capital to the business as compared with its condition under his predecessor; or, that much of the business was personal to his predecessor (which is particularly likely in the cases of doctors, lawyers, etc.).

See also under PARTNERSHIPS; SPECIFIC CAUSE; SUCCESSION.

CHANNEL ISLANDS.

The Channel Islands are not within the scope of the Income Tax Acts and any residents therein are subject to the same exemptions and rules as if they resided in a foreign State. The only exception is that whereas, in general, persons resident abroad may not claim exemption, abatement, etc., in respect of income assessed in the United Kingdom, residents in the Channel Islands are permitted to make claims on the basis described under NON-RESIDENTS IN THE UNITED KINGDOM.

Income arising in the Channel Islands and belonging to a person resident in the United Kingdom was not, until 1914, assessable unless it is brought to England. In this and all other circumstances it is treated as income arising in a foreign State. (See under FOREIGN INCOME.)

CHAPELS.

See under RELIGIOUS BODIES.

CHARGES ON INCOME.

A charge on a man's income is that portion of the income which he is legally obliged to hand on to someone else. Thus he may own a house which is assessed nett at (say) £40 a year, but if he pays ground rent £6, this £6 is a charge on his income. If he also pays

CHARGES OF INCOME—(*contd.*)

mortgage interest on £200 at 5 per cent. the interest (£10) is a charge on his income. His nett income is £24.

It is only to be expected that the man referred to will suffer tax on £24, and it is arranged as follows. He pays tax on the full £40, but recoups himself in respect of tax on £16 by deducting it from his payments of ground rent and interest. Thus, for years in which the highest rate is 1s. 2d. in the £—

	£	s.	d.
He pays on £40 at 1s. 2d.	2	6	8
He deducts from the Ground Rent £6 at 1s. 2d.	7	0	
„ „ „ Interest £10 at 1s. 2d.	11	8	
Tax recovered		18	8
Leaving him to bear tax on £24	£1	8	0

It should be noted that no deduction will be made from the assessment in respect of the charges; also that in any claim to exemption or abatement the full £40 (in the example given) should appear as income, leaving the charges to be inserted in the space provided therefor at the foot of the form. By this means, in reckoning the total income of the man whose case we have taken, the nett income from the property (£24) will be the effective amount returned in this respect. If he has other income £370, his total income for abatement purposes is £370 plus £40, minus £16 (equals £394), entitling him to the allowance due to incomes which do not exceed £400.

Tax is deducted from charges at the highest rate in force, while the payments accrue. A statement of the payments from which tax may be deducted will be found under ANNUAL PAYMENTS.

CHARITIES.

Exemption is allowed from income tax under Schedule A (property tax) in respect of the following properties: Public buildings and offices belonging to any college or hall in any university (not occupied by any member or by any person paying rent); public buildings, offices and premises belonging to any hospital, public school or almshouse (not occupied by any officer whose income amounts to £150 a year, or by any person paying rent); also any building, being the property of any literary or scientific institution,

CHARITIES—(*contd.*)

which is used solely for the purposes of such institution, and in which no payment is demanded or made for any instruction afforded there by lectures or otherwise (provided that the building is not occupied by any officer or by any person paying rent).

The exemption stated above is granted by the general commissioners on notice of appeal to the surveyor of taxes.

Exemption may also be allowed in respect of the rents and profits of lands, tenements, hereditaments or heritages belonging to any hospital, public school, or almshouse, or vested in trustees for charitable purposes, so far as the same are applied to charitable purposes. Such exemption is granted on proof before the special commissioners of their due application to charitable purposes only. (*I.T.A.*, 1842, s. 61, *Schedule A*, No. VI.)

Such stock as is assessed under Schedule C and belongs to any corporation, fraternity, society, or trust established for charitable purposes only, in so far as it is applied to charitable purposes only, and any yearly interest or other annual payment (assessed under Schedule D) may be exempted from income tax on due proof before the special commissioners. (*I.T.A.*, 1842, s. 88 and s. 105.) See page 346 as to what stock is assessed under Schedule C.

Any hospital, charity school, or house provided for the reception or relief of poor persons may also be exempted from inhabited house duty.

It has been decided that the word "charity" must be regarded in its legal sense, and that it includes trusts for the relief of poverty, for the advancement of education or religion, and for other purposes beneficial to the community. (*Commissioners for Special Purposes v. Pemsel*, 1891.) It also includes a university founded to provide instruction in all the branches of a liberal education. (*King v. Special Commissioners, ex parte University College of N. Wales*, 1909.)

In *Linen and Woollen Drapers Institution v. Commissioners of Inland Revenue* (1887), (a Corporation Duty case), a judge referred to "the well-known principle that there is a wide distinction between a mere gift by wealthy or benevolent persons to a charity or to individuals, for a purely charitable purpose, and the creation of an institution which is really in the nature of a mutual benefit society; and it cannot be doubted that if this institution were one

CHARITIES—(contd.)

purely of the latter kind, members alone being entitled to share in the benefits of it, and no fund being applicable except funds subscribed by the members, it would not then be a charitable institution, because, although a member, according to his poverty or misfortune, might share in the funds, it could not be said that he had subscribed for a 'charitable purpose,' where in truth he would have subscribed for the primary purpose of protecting himself or his family in periods of age, sickness, or real distress."

No exemption is allowed in respect of the profits of any trade which may accrue to a charitable concern. (This matter is dealt with under PROFITS.) Neither do the Acts take account of charitable gifts or almsgivings.

See also ALMSHOUSES, HOSPITALS, LITERARY INSTITUTIONS, RELIGIOUS BODIES, REPAYMENT (as to time limit for obtaining return of tax), SUBSCRIPTIONS.

CHILDREN.

An allowance is made in respect of children under 16 years of age living on the first day of the financial year (6th April). The allowance includes step-children, but not illegitimate children except where the parents have since married each other; it is restricted to individuals whose total incomes, as reckoned for purposes of abatement (see under ABATEMENT), do not exceed £500.

The relief allowed is tax on £10 for each child for financial years up to and including 1913/14, and £20 for each child subsequently. If the person claiming it has income charged at different rates, the allowance must be made as far as possible from income charged at the lowest rate. The deduction may not serve to reduce the income from one abatement limit to another. (*F.* (1909-10), *A*, 1910, s. 68; *F.A.*, 1914, s. 7.) Repayment of tax may be claimed within three years as stated under REPAYMENT. As to residents abroad see under NON-RESIDENTS.

The allowance described above may not serve to reduce an assessment below the amount of any annual charges payable out of the income concerned, *i.e.*, it cannot discharge a liability to pay to the Crown tax that should have been deducted from interest, ground rent, annuities, etc.

CHRISTMAS GIFTS.

See under GIFTS and BONUSES TO EMPLOYEES.

CHURCHES.

See under RELIGIOUS BODIES.

CLAIMS.

As to the adjustment of assessments at the end of the year see Chapter IV. As to other claims see ABATEMENT, CHILDREN, EMPTY PROPERTY, EXEMPTION, FLOODS, LIFE INSURANCE, and generally under REPAYMENT.

CLEANING EXPENSES.

Such expenses are obviously allowable as a deduction from a trader's profits. The lessor of flats, mansions, suites of offices, etc., is entitled to have the existence of such charges (if borne by him) taken into account when the annual value of the property is fixed for purposes of the Schedule A (property tax) and house duty assessment.

CLERGYMEN AND MINISTERS.

Clergymen, Wesleyan ministers and any other ministers of religion holding office under an ecclesiastical body or under a society, whether corporate or non-corporate, are assessable under Schedule E; ministers who are appointed by their congregations (including nearly all ministers of the Baptist and Congregational denominations) are assessable under Schedule D. The only difference in practice is that the former are assessable on their actual remuneration during the year of assessment, and the latter on their average salary over the past three years.

All fees which accrue by reason of office are assessable, including Easter offerings, wedding and burial fees, etc. The final test case on the question was one in which Easter offerings were made to a clergyman by public collections and direct subscriptions. (*Blakiston v. Cooper*, 1906.) The Lord Chancellor stated in the House of Lords that "where a sum of money is given to an incumbent substantially in respect of his services as incumbent, it accrues to him by reason of his office." Lord Ashbourne, referring to the

CLERGYMEN AND MINISTERS—(*contd.*)

suggestion that the offerings were made as personal gifts to the vicar as marks of esteem and respect, commented as follows: "Such reasons no doubt played their part in obtaining and increasing the amount of the offerings, but I cannot doubt that they were given to the vicar as vicar." In a similar case (*Poynting v. Faulkner*, 1905) the trustees of a fund for the augmentation of ministers' stipends distributed the funds with special regard to the financial circumstances of the congregations and their ministers. It was held that the grants were assessable, being none the less in augmentation of the stipends of the ministers because the trustees had regard to these circumstances. Grants made by the Queen Victoria Sustentation Fund in augmentation of the income of a benefice are also assessable. (*Herbert v. McQuade*, 1902.)

A minister or clergyman may be allowed to set a part of his rent (not exceeding one-eighth) against his salary for purposes of assessment, or may claim repayment (within three years) in respect of allowances not claimed. The conditions attached to this allowance are, (a) that the clergyman or minister pays rent for the dwelling-house and (b) that he uses any part of it mainly and substantially for the purposes of his duty or function. (*F. A.*, 1907, s. 28.) A deduction may also be made of any expenses incurred by him "wholly, exclusively and necessarily in the performance of his duty or function." (*I. T. A.*, 1853, s. 52.) It has been held such expenses may include expenses of visiting his congregation, of attending church meetings enjoined on him as part of his duty and outlay on communion expenses, but not of books or of pulpit supply during holidays. (*Charlton v. Commissioners of Inland Revenue*, 1890, and *Jardine v. Gillespie*, 1906.) As regards the cost of books, the view is that books are not required in the performance of duty (but rather in personal equipment for that duty). The refusal to grant a deduction in respect of a holiday substitute is explained by a comment on a minister's claim to the allowance of a voluntary contribution towards an assistant minister's salary. "I do not see how these words, '*incurred by him in the performance of his duty or function*,' can be held to cover any payment made to another party for the performance of that duty." (*Lothian v. Macrae*, 1884.) It will be understood that the assistant minister

CLERGYMEN AND MINISTERS—(contd.)

and holiday substitute would be assessable on what they receive in spite of these decisions.

Special allowances are made for the following expenses peculiar to clergymen. (1) Tenths, first-fruits, and duties and fees on presentation—tax is allowed on the amounts paid during the past year. (2) Procurations and synodals—tax is allowed on the average payments of the past seven years. The allowance may be claimed by deduction from the assessment or by repayment if claimed within three years. (*I.T.A.*, 1842, s. 61, *Schedule A*, No. V.)

When a clergyman is entitled to be charged at one of the lower rates (see under **EARNED INCOME**) that title extends to payments made to him by the Ecclesiastical Commissioners and Queen Anne's Bounty, also to rents from glebe lands and to the annual value of the official vicarage. (*F.A.*, 1907, s. 19.)

See under **RENT-FREE RESIDENCE** as regards the inclusion of the annual value of a manse or other residence on an abatement claim. Also see under **RELIGIOUS BODIES** and **TITHE**.

CLERKS.

A clerk is assessable under Schedule D if he is employed by a person or by a firm. He should make his return on Form 11 or 11a (see Chapter VII), and should base it on his average income for the three years previous to the year of assessment. If he has changed his employment during these years the average may still apply, provided that he has held substantially the same sort of position over these years and has been assessable under Schedule D (*i.e.*, has been employed by a person or by a firm). When the average does not apply because the clerk is in his first, second or third year he should make his return on the basis which is applicable to the opening years of a business. (See Chapter III.) When the average can apply, a clerk cannot vary this system. The fact that his salary is less than the average is not material.

A clerk employed by a company or society (as also a civil servant) is assessable under Schedule E on the actual income of the year of assessment. He is not entitled to be assessed on average in respect of his salary, but in the case of a subordinate clerk the average is

CLERKS—(contd.)

allowed as a concession if a claim is made thereto, supported by information as to the position held. (See under SCHEDULE E.)

As to allowances which may be claimed, see under ABATEMENT, EXEMPTION, CHILDREN, and LIFE INSURANCE.

CLOTHES.

No allowance may be made for the cost of clothes worn in a business unless the garments in question constitute a specific uniform not reasonably able to be worn in private life. (See also under BANDSMAN.)

CLUBS.

A club is assessable just as an individual or a company is, provided that it has an income of a taxable nature. It may not claim an allowance by way of exemption or abatement (*Curtis v. Old Monkland Conservative Association*, 1906), and any tax deducted from its dividends, etc., may only be reclaimed if the club is a charitable trust. (See under CHARITIES.) Even though it is a charitable trust it must suffer tax on any profits of trade which it receives.

The first matter to be decided concerning the liability to income tax of a club is as to whether it is a trading concern or not. Circumstances which constitute trading are discussed under TRADE, but it may be stated here that trading requires two parties. If a club sells cigars and liquor to its own proprietors only, it is not assessable on any surplus realised, because in this case the buying and selling parties are identical. If it sells to non-proprietors also, however, the buying and selling parties are not identical and the club is assessable on its profits.

If a club is carried on in order to make a profit, it may set its expenses against the receipts. If its trading is a small and incidental part of its activities it may only set against the profits of such trading the portion of its expenses which were incurred in earning the profits. On the other hand, members' subscriptions may not be included in the assessable profits unless they really represent payment for that which the club trades in.

Any interest receivable should be returned for assessment and if the club is not a trading one there is no way of escaping tax

CLUBS—(*contd.*)

thereon. If the club is a trading concern and makes a loss, it may claim repayment of tax charged on the interest. Tax should be deducted from annual interest payable as explained under INTEREST.

Working Men's Clubs which are registered as friendly societies are granted certain exemptions. (See under FRIENDLY SOCIETIES.)

Payments made to clubs may not be charged against the income of a person making them, and it should be noted that they do not represent "life insurance premiums," on which an allowance is made under the Acts. If a trader subscribes towards a club in order to obtain a specific benefit for his employees, he may charge his subscription as a trade expense in his accounts.

See also under GOLF CLUBS. See page 132 as to the exemption accorded to CHARITIES.

COLLECTION OF DUTY.

Income tax is payable on or before 1st January in each year. Duty charged by an additional assessment is payable on the day after that on which it has been signed or allowed. (*T.M.A.*, 1880, s. 82.)

For Scotland or Ireland, the Treasury may make regulations for payment by postage stamps, and for Scotland or for any parish in England for which the collector is appointed by the Board, and the Treasury direct, payment may be made by Post Office Order. (*T.M.A.*, 1880, s. 98 and s. 99.) The last-mentioned system has become a general one.

The collectors are required to demand the duties, when due, and the demand note should contain in the case of duty charged under Schedules A (property tax) and B (farmers, etc.) particulars of the properties assessed, and of the assessments. Where the particulars are not so given, they must appear on the receipt. Receipts are exempt from stamp duty. (*T.M.A.*, 1880, s. 85.)

Any duty unpaid is recoverable as a debt to the Crown. (*I.T.A.*, 1842, s. 172.) It may be recovered by process in the Courts and the defaulter may be committed to prison in continued default of payment. Non-payment of duty charged in respect of any house or building does not disqualify a person from voting in Parliamentary elections. (*I.T.A.*, 1842, s. 184.)

COLLECTION OF DUTY—(contd.)

If payment is refused, the collector is required to distrain upon the property charged, or to distrain the person charged by his goods and chattels, on the authority of the warrant delivered to him on his appointment. Where lands charged under Schedule A are unoccupied and no distress can be found thereon at the times the duties are payable, the collector may, at any time after when distress is found thereon, enter upon the said lands, and seize and sell. Duty under Schedules A and B may be levied on the occupier for the time being, notwithstanding any change of occupation during the year of assessment, but any tenant may be held liable for the period which has elapsed when he leaves. No distraint is allowed in respect of arrears which ought to have been levied on and ultimately paid by any former occupier.

A collector may break open any premises in the day-time, under a warrant obtained for the purpose from the commissioners.

A levy or a warrant to break open must be executed by, or under the direction of, and in the presence of the collector. The goods distrained upon must be kept five days. If the duty is not then paid, the goods may be sold by auction; any surplus received after paying the costs and charges is returnable to the owner. The Crown has, after the landlord's suit for rent, prior claim on the defaulter's goods for the amount of one year's arrears. A person refusing to pay within ten clear days after demand may be committed to prison by the general commissioners, if sufficient distress to levy is not found.

When a person removes from a parish leaving duties unpaid, or resides in another parish, the general commissioners for the parish where he has removed or is, may raise and levy the duties on him, or commit him to prison. (*T.M. A.*, 1880, s. 88 to s. 91.)

See also under **DISTRAINT** and **RECEIPT**.

COLLECTORS.

Collectors are appointed by the local commissioners of income tax except where, by their default in appointing or taking security when required, the appointment has reverted to the Board of Inland Revenue. A collector may be required to give security for the amount of the duties either by the local commissioners, or by the

COLLECTORS—(contd.)

Board or by two inhabitants of the parish. In England and Wales any parish is liable to be re-assessed for any duties lost by default of the collector, except where such collector has given security to the Crown or has been appointed by the Board. (*T.M.A.*, 1880, s. 73 to s. 77.) A collector may not be compelled to serve as mayor or sheriff, or in any other parochial office or on a jury, or in the Militia. (*I.R.R.A.*, 1890, s. 8.)

A collector acts under the instructions of the local commissioners. His remuneration is fixed and paid by the Board of Inland Revenue, but it may not be less than was paid in respect of his parish or district in 1890.

COLLEGIATE BODIES.

A member of a collegiate body who merely takes his share of the collegiate taxed income is not assessable therefor. If, notwithstanding that he is a member, he receives a salary out of such collegiate income, he is assessable on the amount received. (*Langston v. Glasson*, 1891.)

COLONIAL INCOME.

No distinction is drawn, under the Income Tax Acts, between colonial income and income arising in a foreign state. This is dealt with under **FOREIGN INCOME**.

COLONIAL RESIDENTS.

A resident in a British colony is subject to the same rules as any other person who does not reside in the United Kingdom. See under **RESIDENCE** as to what constitutes this; and under **NON-RESIDENTS** as to the position of such persons under the Income Tax Acts.

COMBINES.

See *Moore v. Stewarts and Lloyds* under **COMPANIES**; also under **TRADE ASSOCIATIONS**.

COMMENCEMENT OF BUSINESS.

This is dealt with in Chapters III and IV on **THE AVERAGE SYSTEM AND EXCEPTIONS**. As shown there the average system of

COMMENCEMENT OF BUSINESS—(contd.)

assessment may be departed from during the early years of the existence of a business. (See under CHANGE OF PROPRIETORSHIP as regards the transfer of a business to a new owner.)

COMMERCIAL TRAVELLERS.

A commercial traveller is usually assessed under Schedule D. He should make a return on Form 11 or 11A, of which form specimens are given in Chapter VII. The only exception is that of a traveller who serves a limited liability company, in which case he comes within the rules of Schedule E. This schedule does not provide for assessment on average profits, but the advantage is usually conceded by the authorities. A traveller assessed under Schedule D is required to be assessed on the average system.

Any expenses may be charged against gross receipts if they are wholly and exclusively laid out for the purposes of business. This includes fares and sub-commissions allowed, but not the expense of the traveller's meals and board. As a rule the local commissioners refuse to make any allowance for the cost of "treating," on the ground that the item is not part of the business transactions, but is a voluntary and personal "investment," made with the object of improving the traveller's chances of trading. Railway fares are usually allowed for the class of carriage which the traveller actually uses. If, however, the traveller's employers make an allowance to cover third-class fares, the commissioners will, in the absence of proof to the contrary, regard this as evidence that this is all that need be expended, and will refuse to allow the difference between this and the fares of a higher class by which the traveller may choose to travel at his own expense.

COMMISSION.

Commission is usually assessable on the average amount earned during the three years prior to the year of assessment. When commission is received by an employee each year in addition to a stated salary, no distinction is drawn between the two forms of remuneration for income tax purposes. When the employee serves a company or society he is not allowed to average his salary (except in the case of a subordinate employee), but the commission

COMMISSION—(contd.)

is usually allowed to be averaged or may be assessed on the amount received in the previous year. Whichever basis is adopted must be kept to in the future years whether its effect may be to the advantage or otherwise of the person assessed.

Directors' commission which is due to them by the articles of association, or by the conditions under which they are appointed, may be charged as an expense in the company's income tax statement. Commission on profits which is voted to directors by the shareholders is sometimes regarded as an expense of management and sometimes as a distribution of certain of the profits. If it is charged as an expense in the company's income tax statement the secretary need not deduct tax therefrom and the directors should return it for direct assessment on themselves.

A trader may charge against his profits any commission paid by him wholly and exclusively in the carrying on of his business. Commission paid in respect of any capital matter (whether by a company issuing shares, etc., or a trader selling or purchasing a lease, etc.) may not be charged.

See also under **INSURANCE COMMISSION** and **UNDERWRITING PROFITS**.

COMMISSIONERS OF INCOME TAX.

Income tax assessments are made by local commissioners of taxes, described as General Commissioners and Additional Commissioners respectively. They are usually appointed by the Land Tax Commissioners from among their own number, and are subject to a property qualification. The General Commissioners appoint their own clerk whose salary and expenses are paid by the Commissioners of Inland Revenue (an altogether distinct body, referred to under the next heading). The local commissioners are unpaid, but are exempt from compulsory service in parish offices, etc.

COMMISSIONERS OF INLAND REVENUE.

These commissioners are described as the Board of Inland Revenue. The Board is composed of salaried civil servants, who are appointed by the Crown, and are authorised to do all things necessary for putting the Income Tax Acts into execution, subject

COMMISSIONERS OF INLAND REVENUE—(*contd.*)

to the control of the Treasury. Under the Board's authority there are appointed inspectors and surveyors of taxes who represent the Crown and act as check officers generally. The head office is at Somerset House, London, W.C.

COMPANIES.

A company is chargeable as any person would be in its position (*I.T.A.*, 1842, s. 40), but unlike a person it may not claim exemption or abatement (see under **ABATEMENT**), or the relief allowed to earned-incomes. (See under **EARNED-INCOME**.) The duties of a secretary to a company, including that of making returns, are dealt with under **SECRETARIES**.

A company whose centre of management is in the United Kingdom is held to be resident here, in which case it is assessable on the whole of its profits, including those which arise abroad. The matter is dealt with fully under **RESIDENCE**.

In *Moore v. Stewarts and Lloyds, Ltd.* (1906), the company entered into an agreement by which it obtained a commanding interest in the management of another company, in return for an undertaking to make up the yearly profits of that company to a certain amount. The commissioners considered that payments made by Stewarts and Lloyds, Ltd., under the second clause were allowable as deductions from its profits, being made "for the purposes of its trade and that it might sell its goods at a better price." It was held by the Court that the question was mainly one of fact, and that the commissioners decided it correctly. See also under **LOANS LOST**, as regards arrangements between companies, and under **TRADE ASSOCIATIONS**.

See also **DIVIDENDS**; **INSURANCE COMPANIES**; **SYNDICATES**; **LIQUIDATION**; **WINDING-UP**.

COMPENSATION.

There can be no question of assessing a sum received as compensation unless it is paid in respect of profits not realised, or as a part of the profits of trading, or in respect of services dispensed with. A sum paid as compensation for damage caused to property or for personal injuries is not assessable. (It may be remarked,

COMPENSATION—(contd.)

however, that all *annuities* are assessable without regard to their origins.)

Sums received in respect of profits not realised are only assessable to income tax when they fall within the descriptions of liable profits which follow. Thus, money received under an insurance policy may not be charged to tax, although a trader is prohibited from deducting from his profits any loss covered by such policy. In a certain case a colliery company was not allowed, for income tax purposes, to charge in its accounts a subscription paid in order to secure an indemnity in the event of certain stoppages of output. (*Rhymney Iron Co., Ltd. v. Fowler*, 1896.) The Court held that it was not "money laid out for purposes of trade. It is money laid out in order to provide for an unfortunate contingency whereby the trade cannot be worked." It follows that, if the stoppages of output were to occur and the indemnity to become payable, such indemnity would not be a profit of trade and therefore should escape taxation. As the question usually resolves itself into one as to whether the compensation is a trade profit, it is well to remember the converse case, *i.e.*, that of a premium to secure such compensation. If the premium is an allowable trade expense, it usually follows that the indemnity is a trade profit, and conversely.

Compensation received as a part of the profits of trading is assessable to income tax. Thus, money paid in settlement of a trade transaction should be regarded as a profit. Another aspect of this case is dealt with in the preceding paragraph.

Sums received in respect of services dispensed with may be assessed either as a pension or as an annuity. (See under **ANNUITIES** as to liability under this head.) A pension is usually a periodical payment made in respect of services previously performed, and as such it is chargeable to income tax. A payment made as compensation for the cancellation of an agreement of service is a different matter. If it is not an annuity and is not, in fact, partly in respect of past services it is not assessable.

Where compensation for loss of office (given in respect of the past service of the individual receiving it, or of the husband or parent of that individual), is liable to tax, the recipient may make the prescribed claim to have it charged at the lower rate. (See under

COMPENSATION—(contd.)

EARNED INCOME.) Payments made to the sleeping partner of a firm, or any other payments in respect of past or present proprietorship of, or partnership in a business, may not be charged at the lower rate. The title referred to is limited to pensions, etc., in respect of employments. (*F. A.*, 1907, s. 19 (7).)

When a trader is compelled to pay compensation for damage, etc., caused by him in the ordinary course of his business, he may charge such compensation as an expense in his accounts. This matter is dealt with under ACCIDENTS.

COMPENSATION FUND CHARGE.

In *Smith v. Lion Brewery Co., Ltd.* (1910) the Master of the Rolls said: "The actual occupier of the licensed house is entitled under Schedule D to deduct from his gross profits such part of the compensation levy as he is not able to throw upon his landlord." (Also see under LICENSED PREMISES.)

CONSOLS.

Dividends on consols are assessable to income tax under Schedule C. When the half-yearly payment on any holding amounts to fifty shillings or more, the Bank of England deducts tax therefrom and pays it over to the Revenue. When the half-yearly payment is less than fifty shillings, or when the payment is made through the Post Office Savings Bank, tax is not deducted but the person receiving the dividend is required to return it for assessment if his (or her) income exceeds £160 per annum. The return should show the amount received during the previous financial year. (*I. T. A.*, 1842, s. 95.)

CONTANGO INTEREST.

Contango interest is, of course, not yearly interest (see under ANNUAL INTEREST), and the person paying it may not deduct tax therefrom. The person receiving it should return it for assessment, returning the amount received in the past financial year. A dealer in stocks and shares is entitled, however, to regard contango interest as part of his trade profits, and to include it in the general return made by him (authorised by *Smiles v. Australasian Mortgage and*

CONTANGO INTEREST—(contd.)

Agency Co., Ltd., 1888, and Norwich Union Fire Insurance Co. v. Magee, 1896).

CONTINGENT INTEREST.

See *Walker v. Reith* under ABATEMENT.

CONTRA ACCOUNTS.

When one trader supplies another with goods and receives payment therefor in kind, he will or should keep a contra account showing the value of goods sent out, and the value of those received in return. If the goods received are used for personal (or household) consumption it should be noted that their value should be included as a trade profit. If no adjustment has been made in the trader's books, the value of the goods referred to should be added to the profits shown by those books.

CONTRACTORS.

See under BUILDERS.

CONTRIBUTIONS.

See under SUBSCRIPTIONS.

CO-OPERATIVE SOCIETIES.

When the society is composed only of purchasers of its goods, and when all such purchasers are members of the society, there is no liability to income tax in respect of any surplus realised. The principle underlying this is that there must be two parties to a trading transaction. When the buyer and the seller are identical there is no trading and any so-called surplus is not the profit of the trade. A society will no doubt place itself in touch with the Co-operative Union as regards any difficult points which arise.

CORPORATIONS.

Corporations are dealt with as companies (see under COMPANIES), but with regard to the income tax liability of municipal corporations and other local authorities rather different questions from those which concern ordinary trading companies arise.

CORPORATIONS—(contd.)

A municipal corporation is assessable, (a) in respect of any interest paid or credited to it, from which tax has not already been deducted, (b) in respect of any interest paid out of its funds, and (c) in respect of any trading profits.

First, interest received is assessable simply because it is interest and apart from other considerations. (*I.T.A.*, 1853, s. 2; also see under INTEREST.) The officer acting as "treasurer, auditor or receiver" of the corporation is required to make the necessary returns. (*I.T.A.*, 1842, s. 40.) No expenses may be set against such interest, which is assessable in every case except where it has been taxed by deduction. (*Quarter Sessions of Glamorgan v. Wilson*, 1910.)

Secondly, when interest is secured on rates, the officer who manages the accounts is required to deduct tax from every payment of such interest. (*I.T.A.*, 1842, s. 102.) The tax so deducted must be paid to the Revenue authorities irrespective of the use to which the loan was put. (See *Aberdeen Commissioners of Supply v. Russell*, 1890, in which case the money borrowed was used in the erection of certain municipal buildings charged to income tax under Schedule A.) The set-off allowed when the interest is paid out of taxed profits is dealt with in the closing paragraphs. The rate of deduction should be that in force when the interest is paid.

Thirdly, the trading profits of a municipal corporation are assessable, but the question often arises, What are trading profits? This matter is explained under PROFITS and under TRADE, but corporation cases may be dealt with briefly here. As regards municipal gas works it has been held that a corporation is liable to be assessed on the excess of receipts over payments, irrespective of the application of such surplus under an Act of Parliament (*In re Glasgow Corporation Gas Commissioners*, 1876); also that a corporation must not deduct from the profit of supplying private consumers the expense of lighting the public lamps. (*Dillon v. Corporation of Haverfordwest*, 1891; see also under GASWORKS.) In considering municipal waterworks a new element is introduced. As a rule the corporation levies a water rate on all ratepayers, without giving any the option of refusing the supply. The sellers of the water (*i.e.*, the ratepayers as a corporation) and the purchasers

CORPORATIONS—(contd.)

(i.e., the ratepayers as the subjects of a rate) are identical and, as it is an axiom that to constitute trading the buyers and sellers must be distinct bodies, it has been held that any surplus so realised is not assessable as a trade profit. (*In re Glasgow Corporation Water Commissioners*, 1875.) Incidental cases have decided that a surplus revenue derived from selling water *beyond* the area of compulsory supply, or by a meter *within* that area, or from the sale of water for trading purposes, is assessable as a trade profit irrespective of any legal requirement that the surplus shall be allocated to a sinking fund or elsewhere. (*Miller v. Glasgow Corporation Water Commissioners*, 1886; *Allan v. Hamilton Waterworks Commissioners*, 1887; *Dublin Corporation v. McAdam*, 1887; *Harris v. Corporation of Irvine*, 1900; *Mullingar Rural District Council v. Rowles*, 1912.) In the case of a District Council which purchased water and sold it to consumers within several parishes in its area, it has been held that the undertaking in each parish should be regarded as a separate concern, and that the Council is assessable for the profits in the profit-making parishes without any deduction for losses made in any other parishes. An important circumstance contributing to this decision was that any deficiency in a particular parish must be made good by a rate upon the ratepayers of that parish. (*Wakefield Rural District Council v. Hall*, 1912.)

As regards other concerns it has been decided that a corporation may not set against the profits of its market hall, fish markets, vaults and meat market, losses sustained in other matters such as the disposition of sewerage, etc. (*In re Corporation of Birmingham*, 1875.) The City of London Corporation have similarly been held liable to be assessed separately for the profits of each of such matters as market tolls, corn and fruit *métages*, brokers' rents, mayor's court fees, etc. (*Attorney-General v. Scott*, 1873.) It has also been ruled that municipal offices and corporation baths are assessable under Schedule A, according to their annual value, although no profit is made in connection therewith. "As regards the revenue derived from the markets and slaughter-houses, it appears to me that possibly the appellants may have some case for claiming a deduction from the profits in respect of a portion of the salaries of

CORPORATIONS—(*contd.*)

some of the general municipal officers of the town." (Judge in *Adam v. Maughan*, 1889.)

There remains the following question: If a corporation pays tax on its profits and property without any deduction for interest paid away, need it hand over to the Revenue the tax which it deducts from such interest? That is to say, if it pays tax on an income of £100,000 and deducts tax from £40,000 interest paid away, may it not retain the tax so deducted, in order to reduce its nett liability to income tax to £60,000, the difference between its gross taxable income and the interest it pays away? The answer to this question is in the affirmative, provided that the interest is in fact payable out of the profits in question. It is enacted that tax shall be handed over so far as it is deducted from interest not paid from profits charged with income tax. (*C. and I.R.A.*, 1888, s. 24 (3).)

In *Attorney-General v. London County Council* (1900) it was held that tax deducted by tenants renting the Council's property, as well as tax paid on interest received and charged under Schedule D, should be set against the tax deducted from interest paid by the Council on stock charged against the whole of its lands and property; *i.e.*, if the Council paid interest £100,000 (less tax) and received rents £50,000 (less tax), and interest £10,000 (on which tax was paid direct), it need only hand on to the Revenue tax on £40,000 (£100,000 less £50,000 and £10,000), and might retain tax on the other £60,000. In *Attorney-General v. London County Council* (1907) the Council sought to take the previous decision a step further and to set against the tax deducted by it the tax paid on the property which it owned and occupied. This was refused as the property in question brought in no profits, and no interest could be regarded as being paid out of profits which did not exist. The Leeds Corporation raised a further point. May interest charged on one of its funds be regarded as being paid out of the aggregate of its funds? It has been decided in the House of Lords that interest may be regarded as payable only out of a fund which it may in fact legally be paid from. (*Sugden v. Leeds Corporation*, 1913.) As this is the last case on the subject some details may be given. In its double capacity as a municipal corporation and

CORPORATIONS—(contd.)

an urban sanitary authority, the Leeds Corporation had two funds, a City fund and a Consolidated (Sanitary) fund. The taxed income of the City fund exceeded by £63,109 the interest paid on loans on undertakings in connection therewith. The taxed income of the Consolidated fund was £78,519 less than the interest paid on loans on undertakings in connection therewith. All loans were charged in the first instance against the particular undertaking concerned and the fund with which such undertaking was connected. By a private Act of 1901, also, all loans were charged ultimately and in a general way on the whole revenue and assets of the Corporation, but the exact effect of the provision was disputed. The Corporation contended that the excess of interest on the Consolidated fund should be regarded as paid out of the excess of taxed income on the City fund, *i.e.*, that all but £15,410 of the £78,519 referred to should be regarded as paid out of the £63,109. If this view obtained, the Corporation would be entitled to retain all the tax deducted from the interest except tax on £15,410. It was held, however, that the Act of 1901 should not be regarded as authorising the excess of interest on the Consolidation fund to be paid out of the excess of taxed income of the City fund. None of the £78,519 was paid from taxed sources, and the whole of the tax deducted therefrom must be handed over to the Crown.

COUNTERS.

A trader's shop counter is part of his capital. No charge may be made for income tax purposes in respect of the cost of its supply, alteration, improvement, or removal. The cost of repairs may be charged and also the cost of a new counter which replaces one which is worn out, providing that it does merely replace it and is not worth more than its predecessor was when that was installed. In the latter case a proportion of the new expense may be charged.

COUNTY COUNCIL.

See under CORPORATIONS.

COUPONS.

When it is desired to claim repayment of tax deducted from

COUPONS—(*contd.*)

interest paid on coupons, a banker's certificate should be obtained on the prescribed form. (See Chapter IX.) See also under **DIVIDENDS**.

CREDITORS.

Payments made to creditors may not be charged against profits, unless they are in fact part of the working expenses of the business in question during the period for which the account is made up. The repayment of debts is not material in the consideration of what assessment to income tax should be made. In *Armitage v. Moore* (1900) the trustee of a business which was assigned to certain creditors paid the profits to the creditors. It was held that the application of the profits does not concern the income tax authorities. "A man who is making profit this year should not be heard to say, 'I am not making a profit this year because when I have got the money I am going to pay off some debts made many years ago.'"

CREMATORIUM.

The normal business of a Crematorium Company is to conduct funerals and to provide resting-places for the urns. In return for the fee the company performs the former duty, but it also accepts a perpetual obligation as regards the latter. It may, therefore, be contended that some allowance should be made from the company's annual surplus revenue or profit, in respect of the future expenditure of the company in fulfilling its perpetual obligations. As the law stands, however, no such allowance may be made. In *Paisley Cemetery Co. v. Reith* (1898) the company sought to make a similar deduction in respect of its future obligations in the maintenance of lairs, and did, in fact, invest a portion of its receipts to ensure the fulfilment of these perpetual obligations. The Court examined the question whether income tax is chargeable "where money is received and a perpetual obligation undertaken," and it was decided that no deduction may be made as claimed. This determination follows on other cases relating to the assessment of cemeteries in which allowance had been refused in respect of the gradual exhaustion of the companies' capitals as the grounds were filled up. (See under **CEMETERIES** and **EXHAUSTION OF CAPITAL**.) A crematorium company may, therefore, charge against its receipts the cost of

CREMATORIUM—(contd.)

management, the expenses of maintenance and of funerals, and the rent (or annual value) of the crematorium. No other deduction may be made as to future rights in respect of the niches or other places where the urns rest.

CROWN RIGHTS.

The Crown is exempt from payment of income tax but must allow the deduction of tax from rents, etc., payable to it as must a subject. (*I.T.A.*, 1842, s. 60.)

As regards priority in the collection of income tax when other debts are also due, it is enacted that no goods or chattels belonging to a person whose tax is in arrear shall be distrained on in respect of any other debt, except by the landlord on his suit of rent. Any other person distraining in these circumstances is liable to pay over the amount of one year's tax which is due.

See also under **DISTRAINT**; **LIQUIDATION**; **WINDING-UP**.

CUM-DIVIDEND AND EX-DIVIDEND.

All registers of share-holders are closed at stated dates, and the dividends which are about to be distributed will be paid to the persons whose names are on the registers at the date in question, irrespective of any transfers of shares between that date and the date on which the dividends are to be paid. Thus, A may hold stock or shares on which a dividend will be paid on 30th August. On 2nd August the register may be closed, and although A sells his holding to B on 3rd August, the dividend will be made payable to A. Now if the value of the stock is £100 and a half-yearly dividend of £2 is expected, A might sell the stock "cum-dividend" (in which case he will receive £102 from B and will hand the dividend to B when it is paid); alternatively, A might sell the stock "ex-dividend" (in which case A will receive £100 and will himself retain the dividend of £2).

Now the dividend in question is the income of the person who owned the stock during the period in which it was accruing. It is clear that if that period ended before 3rd August, the £2 was *income* to A, and that if it is handed to B under "cum-dividend" terms, it is simply the repayment of the additional £2 he paid for

CUM-DIVIDEND AND EX-DIVIDEND—(contd.)

the stock ; the £2 is not *income* to B and should not be included on his statement of total income or repayment claim. If, however, the period during which the dividend accrued ended after 3rd August (the date of transfer), it is clear that part of the dividend is *income* to B ; in practice it is the custom to regard the whole dividend as income to the buyer in such a case.

In practice the rule is therefore as follows :—A dividend should be regarded as the income of the person who owned the stock or share on the day to which the dividend accrued.

CURATES.

See under CLERGYMEN.

DAMAGES.

“ Damages ” may be charged against profits if they are incurred in the ordinary course of business. See under ACCIDENTS as to when the loss may be regarded as having been so incurred. Following on the distinction drawn under that heading, it may be remarked here that damage for libel given against a newspaper would be allowable, but damages for libel given against an ordinary trader would not usually be allowable. It is the business of the former to publish comments and opinions but not of the latter. This illustration will explain the general principle involved, but of course, if any trader committed a libel in the course of his business the damages incurred should be charged as a trade expense. The opinion has been expressed that damages awarded to an employee for wrongful dismissal would be allowable as a deduction. (*Royal Insurance Co. v. Watson*, 1897.)

As regards the liability to tax of damages received, it may be taken that this liability goes fairly well with the title to charge damages incurred in a similar respect. If the circumstances are such that the latter may be claimed, the former must be admitted. Thus, as a newspaper may deduct damages for libel given against it, it should include in its profits any damages for libel received by it. Damages for personal injuries, however, are never assessable unless they are paid in the form of an annuity. (All annuities are assessable.) See also under COMPENSATION.

DATE OF ACCOUNTS.

See under ACCOUNTS.

DEATH.

On the death of a person who exercises a profession or carries on a trade, employment or vocation, the assessment may be adjusted to the actual profits of the period which has elapsed since the commencement of the financial year. (See the illustration under SPECIFIC CAUSE on page 360.) If, however, some other person has succeeded to the profession or business, etc., the adjustment may only be allowed if it is proved that the profits have fallen short from some specific cause since or by reason of the succession. (*I.T.A.*, 1842, s. 134.) (See under CHANGE OF PROPRIETORSHIP for an explanation of the provision last mentioned.) Where no adjustment is made the executors are responsible for tax up to the date of death, and the successor for tax since that date. An executor may be proceeded against as any other person making default of payment. (*I.T.A.*, 1842, s. 173, and *T.M.A.*, 1880, s. 92.)

In addition to the liability of executors as defined above, it should be noted that, where any person has died without making a return of all his profits or gains with a view to the assessment of such profits as accrued before his death, an assessment may be made within the financial year in which the death occurred or within the next three years. (*C. and I.R.A.*, 1890, s. 24; *F.A.*, 1907, s. 23 (2).)

The liability of executors is, of course, restricted to the amount of the deceased person's estate.

DEBENTURES.

A company paying interest on debentures is authorised to deduct tax therefrom. When the interest is paid out of profits and gains brought into charge to income tax, tax should be deducted at the rate (or proportion of several rates) in force while the interest accrued. (*I.T.A.*, 1842, s. 102; *R.A.*, 1864, s. 15.) Tax should be deducted from any interest not paid out of profits and gains brought into charge at the rate in force at the date of payment. (*C. and I.R.A.*, 1888, s. 24 (3).) In the former case the amount

DEBENTURES—(*contd.*)

deducted is reckoned to be handed over to the Revenue by inclusion in the assessment on the company. In the latter case such tax becomes a debt due to the Crown. Considerable penalties are incurred by any refusal to permit the deduction of tax. (*I.T.A.*, 1842, s. 103.)

In a few cases companies elect to pay debenture interest in full without deducting tax therefrom. It should be observed, however, that no contract or agreement to do this is legally binding (*I.T.A.*, 1842, s. 104); in fact the Crown would be within its rights in demanding that any person receiving debenture interest in full should pay tax thereon, irrespective of such interest having been included in the company's assessment. (*I.T.A.*, 1842, s. 103; *Leeds Permanent Benefit Building Society v. Mallandaine*, 1897.)

Interest on foreign debentures is regarded as income arising from foreign securities. Tax is often deducted by the agent in the United Kingdom who makes payment of such interest. When no tax is deducted the person receiving it should return it for taxation. The interest is assessable on the amount received or to be received within the year of assessment. No deduction is allowed from this amount, but any foreign charges, duties, taxes, etc., must, of course, be deducted from the amount due in order to arrive at the nett amount accrued.

The expense of issuing debentures may not be charged in a company's accounts (*Texas Land and Mortgage Co. v. Holtham*, 1894), neither may the amount of interest paid be deducted from the assessable profits. In the case of an English company which paid interest to debenture-holders resident in Egypt, in which country the company's property was situated, it was held to be immaterial whether the company could or could not deduct tax from the interest. No deduction in respect thereof was allowed from the company's profits. (*Alexandria Water Co. v. Musgrave*, 1883.)

See also under DEDUCTION OF TAX.

DEBTS.

The income tax acts have regard only to profits earned and lost, and the existence of debts is immaterial so long as the transactions

DEBTS—(contd.)

from which they spring are duly brought to account. Thus, even in a business whose assessable profits are calculated by reference to actual receipts and payments as shown by the cash account, it is necessary to make an adjustment by comparing the respective value of debts at the beginning and at the end of the period over which the account spreads. This is particularly necessary in considering the accounts of the early years of a business. In the case of a doctor's practice, for example, the cash receipts during the commencing years would be abnormally small because they could include few debts which became due in past years, and are now paid. (See example on page 12).

In some cases, however, it is necessary to take particular notice of profits duly brought to account but subsequently ascertained to be lost, *e.g.*, in the case of debts afterwards written off as bad. An allowance is made of any debts proved to be bad to the satisfaction of the commissioners. (*I.T.A.*, 1842, s. 100, *Schedule D, Case I, Rule 3.*) The ordinary rule of accountancy should be observed in charging such losses, *i.e.*, they should be written off as bad in the year when hope of recovery is abandoned.

As regards doubtful debts, it is enacted that the value of all doubtful debts due or owing may be estimated and that in the case of the bankruptcy of the debtor the amount of dividend reasonably expected shall be deemed to be the value thereof. (*I.T.A.*, 1853, s. 50.) In practice the local commissioners only make allowance for doubtful debts when the trader has specific cases of probable loss in mind. No deduction may be made for sums written off as doubtful on a percentage basis or for sums added to a bad debts reserve. Conversely, any ascertained bad debts which the trader charges to his reserve may be deducted from the profits for income tax purposes. Debts written off but subsequently recovered should be added to the profits for income tax purposes, even though in his books the trader has taken them to the reserve account.

See also under **CREDITORS**.

In the example given on next page, the sum charged against the trader's profits in respect of bad debts is £737. For income tax purposes this should be added back to the profits, and the actual

DEBTS—(contd.)

sum written off (£953) should be deducted in its place. The credit item of £89 should also be added to the profits.

BAD DEBTS RESERVE ACCOUNT.

<i>Dr.</i>					<i>Cr.</i>
Dec. 31	To debts written off as bad during the year	953	Jan. 1	By balance at beginning of the year	2,237
	„ Balance carried forward	2,110	June 7	„ Debt written off two years back but now recovered	89
				„ Profit and Loss Account ..	737
		<u>£3,063</u>			<u>£3,063</u>

DEBTS, COLLECTION OF.

Sums expended by a trader in the collection of trade debts due to him may be charged as a business expense.

DECEASED PERSONS.

See under DEATH.

DEDUCTION OF TAX.

A very large proportion of income tax is charged by way of deduction. That is to say, the person to whom the income belongs does not pay tax direct, but receives the amount of income due to him less a deduction equal to the amount of tax thereon. The person who makes the deduction pays to the Revenue the tax so retained by him. This system is based on the principle that tax is most easily collected where the income arises. Thus, ground rent arises from the land on which it is payable, and mortgage interest arises from the property erected on that land. A tenant who pays nominally a rent of £40 per annum may, in effect, be paying £20 to his landlord, £10 to the ground landlord, and £10 to a man who has a £200 share in the house because he has lent the landlord that sum. The Income Tax Acts secure to the Revenue tax on the whole £40 in one sum by requiring the tenant to pay it. The tenant deducts the tax from his rent, and the landlord bears tax on £20 of it, and in turn recoups himself in respect of the tax on the remaining

DEDUCTION OF TAX—(contd.)

£20 by making deductions from the ground rent and interest. Where a person should have deducted tax and did not, any remedy lies between himself and the person from whom tax should have been deducted. (See cases under OMISSION TO DEDUCT TAX.) The Crown is not concerned in any such failure. (*Lord Advocate v. Magistrates of Edinburgh*, 1905.)

Tax may be deducted from all obligatory annual payments which, generally speaking, are of the nature of income to the recipients. (See also under AGENTS ; ANNUAL INTEREST ; BUILDING SOCIETIES ; DIVIDENDS ; FOREIGN INCOME ; INTEREST ; PATENT ROYALTIES ; RENT ; for particular instances. Also see under ANNUAL PAYMENTS for a description of what the term includes. It is shown there that an annual payment, in this sense, is not merely a payment made once a year.)

In most cases the annual payment is paid out of profits charged to income tax. Tax is charged on the full amount of the profits, without any deduction in respect of the annual payment, and the tax deducted is, therefore, handed over to the Revenue by way of assessment on profits. Thus, if a trader pays interest £40 per annum and his average profits, after paying this interest, amount to £210, he will pay tax on £250 and recoup himself to the extent of tax on £40. He may claim abatement, children's allowance, and the insurance allowance, but not so to reduce the amount payable by him to less than tax on £40. As he should deduct tax at the highest rate a corresponding part of his assessment will be at the highest rate. If he has dividends or other income already charged at the highest rate the interest may be regarded as being paid out of that, and only the amount not so covered will be charged at the highest rate in his assessment.

Considerable penalties are incurred by any person refusing to allow the deduction of tax (*I. T. A.*, 1842, s. 103), and all contracts and agreements not to deduct tax are declared not to be legally binding (s. 104). It has been held that this provision does not prevent the gift of an annuity or other such payment "free of tax," where there is other income from which tax on such payment can be borne. The Duke of Leeds left certain property to his widow for life, and required his trustees to pay tax on such

DEDUCTION OF TAX—(contd.)

property. This direction was held not to be illegal. (*Lovat v. Leeds*, 1862.) Similarly an agreement that rent should be increased to cover any tax imposed on the premises concerned, was declared to be legal. (*Beadel v. Pitt*, 1865.) When a landlord accepted rent from his tenant in full, promising to refund the tax not deducted, his executors were required to fulfil the promise. (*Lamb v. Brewster*, 1879.) On the other hand, a will directing the payment of certain "clear yearly sums, free from all deductions" was held *not* to require payment "free of income tax." (*Gleadow v. Leatham*, 1883.) Similarly a contract for a "free yearly allowance" (*Dalrymple v. Dalrymple*, 1902) and an undertaking to pay an allowance "clear of all deductions" (*Shrewsbury v. Shrewsbury*, 1906), have been held not to mean "free of income tax." To hold good in this respect, the deed in question must distinctly provide for payment "free of income tax."

A note may be added regarding the deduction of tax during that early period of the financial year prior to the passing of the Finance Act. Where tax is deducted at a rate smaller than that ultimately chargeable the person receiving the income may be assessed to cover the deficiency, and the agent who pays the dividends is required to furnish a list of all persons so paid in full and of the amounts of the payment. Further, any person liable to pay any rent, interest or annuity or to make any other annual payment, is authorised to make any deduction which he has failed to make before the passing of the Act (or to make up any deficiency in any deduction which he did make) from his next payment. If there is no future payment from which the deduction may be made he may recover the sum which might have been deducted as if it were a debt. (*R. A.*, 1911, s. 14.) The last-mentioned provision is designed to meet the case of a man who has himself suffered tax to include the amount he should have deducted.

In *Bowles v. Bank of England* (1912) it was decided that a resolution of the House of Commons has not the force of law so far as the deduction of tax is concerned. It is now enacted by the *Provisional Collection of Taxes Act*, 1913, that a resolution passed by the Committee of Ways and Means for the imposition of income tax, whether at the same or a different rate, and whether with or without

DEDUCTION OF TAX—(contd.)

modifications, shall have the force of law if it is duly confirmed by the passage into law of the Finance Act.

See also under the succeeding heading.

DEDUCTION OF TAX AT CHANGING RATES.

Any change in the rate of income tax comes into force as from 6th April, but it is of course rare for the business year or quarter of any concern to be completed on this date. Difficulty is therefore to be expected as to the rate at which deductions should be made for income tax, from dividends, interest, annuities, etc., payable over periods which run into two financial years. All such payments must be classified according as the deduction should be made at the new rate, the old rate, or a proportion of both rates. Where the payments are made out of profits which have been or will be brought into charge to income tax, the deduction should be made at the rate or proportion of rates in force during the period in which the payments were accruing. (*I.T.A.*, 1853, s. 40; *R.A.*, 1864, s. 15.) Thus, having regard to the difference between the rates for 1913/14 and 1914/15, deductions should be made as follows:— If the period during which the payment accrued was completed prior to 6th April, 1914, the deduction should be made at the 1913/14 rate (1s. 2d.); if the period ran partly before and partly after that date, the deduction must be made at a proportion of rates (*i.e.*, partly at 1s. 2d. and partly at 1s. 3d.); if the period fell wholly after 5th April, 1914, the rate of deduction would be that operating for 1914/15 (1s. 3d.). On the other hand, where the payments are not made out of profits brought into charge to income tax, the deduction should be made at the rate in force at the date of payment, irrespective of the period over which the payments accrued. (*C. & I.R.A.*, 1888, s. 24.)

The following payments are made out of profits charged:— Ground rents, mortgage interest, etc., payable out of the rents of property charged under Schedule A; interest on loans, annuities or similar annual payments, where such interest, etc., may legally and in practice be paid out of income which has been or will be charged to tax; the dividends, debenture interest, and interest on fixed loans of a company which is assessed to income tax in this

DEDUCTION OF TAX AT CHANGING RATES—(cont'd.)

country, provided that profits have been or are being made sufficient to pay such dividends, etc.; rent paid by a profit-making mining concern, quarry, gasworks, railway, etc., in respect of property not assessed according to annual value but according to the profits made by the concern. In all such cases, the person making the payment is simply charging to his creditor, shareholder, etc., the tax on such part of his profits as he passes on to such creditor. The question to be asked, therefore, is—during what period did the payment accrue? Tax should be deducted accordingly. Where dividends in arrear from past profitless years are now being paid, they should be regarded as paid out of current profits if they are in fact so paid.

The following payments are not made out of profits charged:—Interest on loans, annuities, etc., paid out of capital sums, municipal rates, etc.; dividends, debenture interest and interest on loans paid by a company out of capital, there having been and being no assessable profits out of which such payments could be made; the proportion of dividends, debenture interest and interest on loans falling within the preceding description; foreign and colonial dividends or coupons remitted to and paid by an agent in the United Kingdom. In all these cases the tax deducted must be handed over to the Revenue specifically, and the question to be asked is—what was the rate in force at the date of payment?

DEDUCTIONS FROM PROFITS.

It is well known that traders make many deductions from their profits for the purpose of their own book-keeping, which may not be made for income tax purposes. Notes on such deductions appear throughout this book under appropriate headings, but a summary of the rules governing the matter will be in place here.

The charging sections of Schedule D impose duty on "a sum not less than the full amount of the balance of the profits or gains," and then name certain deductions, some of which are admissible and some inadmissible. But it would be impossible for the acts to mention every deduction which a trader may or may not make. The law, therefore, lays down certain *principles* of prohibition, and any charges that are not ruled out thereby are assumed to be

DEDUCTIONS FROM PROFITS—(contd.)

correctly made. Wages, for example, are nowhere mentioned, but there is no rule which could possibly exclude them. Advertising expenses, on the other hand, may or may not be of such a nature as to be affected by the prohibitions, as stated below. The named admissible deductions are few. When a trader rents a dwelling-house and uses part for business purposes, he may charge as a business expense so much of the rent as the commissioners will allow, but not exceeding two-thirds thereof. (See under BUSINESS PREMISES.) Deductions are allowed also in respect of sums expended for the supply and repair of implements used in business. (See under IMPLEMENTS.) Provision is also made for the deduction of bad debts, and specific debts which the trader regards as doubtful may be estimated at a proper value. (See under DEBTS.)

Inadmissible deductions may be grouped under three headings, namely, capital expenses, the trader's personal expenses, and expenses not having such connection with the business as is required by statute. In addition to these, annual interest is expressly named as an inadmissible deduction.

As regards capital expenses, the trader is assumed to commence with sufficient capital for properly carrying on the business, and to be set up with all requisite fittings, etc. No preliminary expenses are allowed, neither may he charge the expense of borrowing capital (or paying interest thereon), nor of obtaining a lease of premises. In the case of certain gasworks which were in a defective condition when purchased, it was held that no deduction might be made in respect of sums set aside for future expenditure in restoring the plant. (*Clayton v. Newcastle-under-Lyne Corporation*, 1887.) Other capital expenses expressly forbidden to be charged include sums employed in the improvement of premises, items of capital withdrawn from the business, and interest on capital which might have been made had it been employed elsewhere. The cost of removing machinery from one manufacturing depot to another has been held to be inadmissible. (See under REMOVALS.) One other point may be mentioned in this connection. A distinction has been drawn in the courts between sums expended to produce profit and sums expended for the general interest of the concern, or with the aim of enlarging the business. Thus the dealings of brewers in

DEDUCTIONS FROM PROFITS—(contd.)

property are rigidly excluded in the consideration of their profits as brewers, notwithstanding the fact that the creation of "tied houses" causes an increase in the sales of beer. (See under LICENSED PREMISES.) Advertising expenses are dealt with on their merits. If advertising is necessary to retain the normal quantity of business, the cost may be deducted. Vendors of patent medicines, for example, are almost invariably allowed the charge. On the other hand, a concern which spends abnormal sums in announcing the opening of a new branch is clearly barred from deducting the expense. (See under ADVERTISEMENTS.)

The principle which prohibits the deduction of personal expenses is well known. The maintenance of a trader and of his family is expressly stated not to be a relevant item of expense. A wife's "earnings" in her husband's business are regarded as part of his income. All owners' drawings, whether described as interest on capital, wages or otherwise, are part of the profits assessable. Income tax also is regarded as a personal matter, and may not be charged as a business expense. The application of profits is ignored when once they are made. If a trader chooses to create a reserve fund he must do it out of profits that have borne the tax; for, as has been remarked by a judge, "The law does not allow all deductions which a prudent trader would make."

The third principle to be remembered is that expenses are only allowed when they are wholly or exclusively laid out for purposes of trade. The case in which this rule was most clearly brought out had to do with damages imposed on certain innkeepers in respect of injuries caused to a visitor by a falling chimney. No deduction was allowed in respect thereof. The Lord Chancellor pointed out that it did not follow that, if a loss were in any sense connected with trade, it must always be allowed as a deduction. Losses can only be deducted if they are incidental to the trade itself. "Thus," he said, "losses sustained by a railway company in compensating passengers for accidents in travelling might be deducted. On the other hand, if a man kept a grocer's shop, for keeping which a house is necessary, and one of the window shutters fell upon and injured a man walking in the street, the loss arising thereby to the grocer ought not to be deducted." (See under ACCIDENTS.) This example

DEDUCTIONS FROM PROFITS—(contd.)

amply illustrates the principle. Similarly a subscription paid to secure indemnity in the event of stoppage of trade has been disallowed. It was held not to be an expense of carrying of trade, but a provision for the time when the trade could not be carried on. (See under **TRADE ASSOCIATION**.) There is a special provision which is applicable to a trader who carries on more than one business. He may set losses incurred in one or more against the profits of another. But the concerns must be trades, manufactures, adventures or concerns in the nature of trade assessed under Schedule D (Case I). Losses incurred in trade by a person who also exercises a profession or employment, must be dealt with by repayment under the provisions explained in Chapter IV.

Allowances for life insurance premiums and for children under sixteen, and the statutory abatements, should not be deducted from profits, but may be claimed separately on the form of return. (See Chapters V and VI.)

Practical rules for the adjustment of accounts for income tax purposes will be found in Chapter II.

DEPRECIATION.

As to depreciation of capital see under **EXHAUSTION OF CAPITAL**. The following notes will be confined to the deduction allowed in respect of the wear and tear of plant and machinery. (*C. and I.R.A.*, 1878, s. 12; *F.A.*, 1907, s. 26.)

The enactments are as follows: The commissioners may allow such deduction as they think just and reasonable as representing the diminished value by reason of wear and tear, during the year, of any machinery or plant used for the purposes of the concern assessed and belonging to the person carrying on the concern. Where the machinery is let to this person on terms that he shall maintain it and deliver it in good condition at the end of the lease, he is deemed to be the owner. (Where the lessor has the burden of maintaining and restoring it he may claim repayment of such tax deducted from his rent as represents tax on the allowance due during the year.) Claims should be included on the annual statement of profits (*i.e.*, Form 11 or 11A in most cases—see page 48 for specimen), and the additional or special commissioners (who make the

DEPRECIATION—(contd.)

assessment) will make the allowance they think just and reasonable. No allowance may be made in any year which, added to the allowances made in previous years to the person by whom the concern is carried on, will make the aggregate exceed the total cost to that person of the machinery and plant, including any capital expenditure by way of renewals, improvement or reinstatement. Where an allowance due may not be made in any year because the amount of the assessment is too small to cover it, the allowance (or part) not made may be carried forward to future years.

The first consideration must be the extent of the description "machinery and plant." It is evident that this term has been deliberately adopted with a view to confining the allowance to a particular class of asset. "Implements and utensils of trade" are dealt with in another way, *i.e.*, by an allowance of the average sums expended in supplying, repairing or altering them. Expenses connected with premises and similar forms of capital may in no case be deducted. Machinery and plant may be roughly described, therefore, as a middle class of asset, standing between implements and utensils, on the one hand, and such fixtures as warehouses, mine-pits, etc., on the other. Among implements and utensils must be placed the type of a printer, the pick-axes of a contractor, and the lamps of a gas company. Printing machines, steam-engines, and gasometers, on the other hand, must fairly be considered as plant and machinery. Trams and ships are likewise included in the term, as are also most assets with which the business may be said to be carried on (as distinct from articles which are merely used in the business). In certain cases attention must no doubt be paid to the dictionary meaning of the words "machinery and plant." A carrier may carry on his business with his horse, but this animal is neither plant nor machinery. If, however, a particular trader's assets are on the border line between utensils and plant, it is satisfactory to know that the only question will be the manner in which an allowance should be made; *i.e.*, whether by reference to renewals (see under UTENSILS) or to depreciation. Between plant and the items of capital for which there is no allowance there is an unmistakable difference.

The second matter for determination is the nature of "wear and

DEPRECIATION—(contd.)

tear." The term does not include every decrease in the value of plant and machinery. A piece of machinery may decline very quickly in market value irrespective of considerations of "wear and tear." This is not relevant to the allowance. A machine may become less useful to its owner by reason of the invention of better machinery; but neither may this depreciation in comparative earning power be described as diminished value by reason of wear and tear. It is simply "physical deterioration" to which the term applies. (*Burnley Steamship Co. v. Aikin*, 1894.) The special commissioners refused an allowance in respect of certain new plant on the ground that during the first five years of its life that plant required no repairs and was therefore of the same value (*i.e.*, capable of earning the same amount of income so far as its physical condition only was concerned) as when it was new. Their decision was upheld on appeal, and the case well illustrates the *principle* which underlies the allowance. (*Caledonian Railway Co. v. Banks*, 1880.) That it must not be applied indiscriminately is proved by the following dictum by Mr. Justice Channel in *London County Council v. Edwards* (1909).—"I do not quite agree with the view put forward, that a new thing cannot be depreciated in value by wear and tear, and that as long as the thing in question is fit to do its work and does not require replacing there is no diminution in value by wear and tear. It seems to me that the value of a thing depends to a certain extent not only upon its present use, but upon the period which it is likely to last; and that a rail which is fit to use now, and to use for two years more, is not so valuable as a rail which is quite new and will be fit to use for twenty years. The difference is a diminution caused by wear and tear, and a diminution of value by wear and tear within the meaning of this section. It is a fallacy to say because this plant is all new and because nobody would think of doing anything to it at the end of one year only, that it is not diminished in value at all."

The consequence of the restrictions referred to is that the deduction allowed by the Income Tax Acts is frequently less than the amount which a trader feels compelled to write off for his own purposes. He may know that after a single week's use his new ship could not be sold for anything approaching its cost price.

DEPRECIATION—(contd.)

He will, therefore, write down its value in his books, but this does not give him a title to an equivalent allowance for income tax purposes. Again, a trader may find that a new invention has made his machinery almost valueless. Prudence requires him to depreciate heavily, but the commissioners must not be moved by such a consideration. The invention has not accelerated the "physical deterioration."

The third matter for consideration concerns the calculation of the allowance due. At what rate per cent. and on what value should the allowance be made? The acts are silent as to this. The commissioners who make the assessment are required to allow "such deduction as they think just and reasonable as representing the diminished value by reason of wear and tear." The only limitation imposed is that the total deduction must not exceed the total cost (including capital expenditure by way of renewal, improvement or reinstatement) of the plant to the person claiming the allowance. Where the plant has a breaking-up value (*e.g.*, a ship), it is usual to restrict the aggregate allowances to the difference between the total cost and that value. All that can be said as to the rate is that the acts require it to be just and reasonable, but the commissioners' judgment on the matter is final. The allowance will be according to the nature of the machinery, as proved by the person concerned. Several cases have emphasised the power accorded to the commissioners in this matter. Thus, the commissioners' opinion that, in a particular case, an allowance already made for repairs and renewals was sufficient to cover the loss by reason of wear and tear, was upheld on appeal. (*Caledonian Railway Co. v. Banks*, 1880.) In certain cases as to the insufficiency of the rate allowed (*Leith, Hull, and Hamburg Steam Packet Co. v. Bain*, 1897), and as to an alleged incorrect basis of allowance (*British India Steam Navigation Co. v. Leslie*, 1900; and *Peninsular and Oriental Steam Navigation Co. v. Leslie*, 1900), the commissioners' determination was declared to be absolute. In other cases it has been held that it is reasonable to base the allowance on the wear and tear occurring during the year of assessment (*Cunard Steamship Co. v. Coulson*, 1899); also that no reference should be had to any interest which the sum otherwise allowable would

DEPRECIATION—(contd.)

produce if invested during the lives of the ships concerned. (*Leith, Hull and Hamburg Steam Packet Co. v. Musgrave*, 1899.) In the latter case Lord Trayner commented that "to take the average life of a steamer, and over that period to spread the original cost, appears a very just and reasonable way of ascertaining what that allowance or deduction should be." A recent decision is to the effect that the allowance attaches to the business and not to a particular owner. A fleet of steamships changed hands, but the new owners were assessed on the average profits of their predecessors. It was held that a deduction for wear and tear which had not been allowed to the former owners (their profits not having been large to cover it) should be allowed to the new owners. It was, of course, an essential feature of this case that these new owners were, for purposes of assessment, regarded as successors to the old business. (*Scottish Shire Line, Ltd. v. Lethem*, 1912.)

It has been shown that the only guide to the percentage of capital value to be allowed is that it should be fair and reasonable, and it is evident that Lord Trayner's dictum (quoted in the previous paragraph) suggests the most satisfactory basis. The exact rate per cent. will, therefore, depend: (a) on the average life of the machinery in question, and (b) on whether the prime cost or the written down value is adopted as the starting-point of each year's calculation. Except in the case of shipping, the general rule is to adopt the written down value, and if the commissioners consent to the prime cost being taken, it is obvious that they will allow a smaller percentage. (Five per cent. on the written down value for twenty years is equivalent to $3\frac{1}{4}$ per cent. on the prime cost for the same period.) Whichever system is adopted, each year's cost of additions, renewals and improvements, may be treated as a new capital outlay on which the allowance will henceforth be made. Examples are now given to illustrate how the allowance is arrived at on each basis.

(1) An allowance of 5 per cent. on the prime cost (£10,000 in 1911) has been agreed upon. There was additional expenditure by way of renewals and additions as follows: 1911—£800; 1912—£1,000; 1913—£400. In 1912 a machine, whose value made up £1,000 of the £10,000 shown above, was scrapped as obsolete and was replaced

DEPRECIATION—(contd.)

by a new one costing £2,000. In 1913 a machine, whose value made up £500 of the £10,000 shown above, was sold for £100, and was not replaced.

Prime cost up to 1911	..	..	..	..	£10,000	
Allowance for 1911 (at 5 per cent.)	..	..	..	..		£500
Additions during 1911	..	..	..	..	800	
Prime Cost, 1912	..	..	..	..	10,800	
Allowance for 1912 (at 5 per cent.)	..	..	..	..		540
Prime cost of machine scrapped in 1912	..	..	..	..	1,000	
					9,800	
New machine during 1912	..	..	..	..	2,000	
Other Additions during 1912	..	..	..	..	1,000	
					12,800	
Allowance for 1913 (at 5 per cent.)	..	..	..	..		640
Prime cost of machine sold in 1913	..	..	..	..	500	
					12,300	
Additions during 1913	..	..	..	..	400	
					12,700	
Allowance for 1914 (at 5 per cent.)	..	..	..	..		635

(2) An allowance of 5 per cent. *on the written-down value* has been agreed upon. This written-down value was £8,000 at the beginning of 1911. There was additional expenditure by way of additions and renewals as follows: 1911—£600; 1912—£800; 1913—£400. In 1912 a machine, whose written-down value at the beginning of 1911 was £1,000, was scrapped as obsolete and was replaced by a new one costing £2,000. In 1913 a machine, whose written-down value at the beginning of 1911 was £500, was sold for £100 and was not replaced. (See top of next page.)

The allowance made against profit in respect of obsolescence is dealt with under OBSOLESCENCE. The cost of renewals, as well as of additions and improvements is assumed to have been added to the capital value and not to have been charged against profits. It should be noted that allowance may only be made in respect of so much of the capital expense as will depreciate. Thus, in the case of a tram-line much of the cost of preparing the road will never need to be repeated, nor will expenditure incurred in altering a building for the reception of machinery. Neither expense may be set against profits, and both are possibly included in the capital

DEPRECIATION—(contd.)

Written-down value for 1911	..	..	..	£8,000
Allowance for 1911 (at 5 per cent.)	..	..	..	400
Leaving	..	..	..	7,600
Additions during 1911	..	..	..	600
Written-down value for 1912	..	..	..	8,200
Allowance for 1912 (at 5 per cent.)	..	..	..	410
Leaving	..	..	..	7,790
Written-down value of machine scrapped (£1,000 for 1911)	..	..	..	903
				6,887
Additions during 1912 (£800 plus £2,000)	..	..		2,800
				9,687
Allowance for 1913 (at 5 per cent.)	..	..	..	484
Written-down value for 1913	..	..	..	9,203
Written-down value of machine sold (£500 for 1911)				452
				8,751
Additions during 1913	..	..	..	400
				9,151
Allowance for 1914 (at 5 per cent.)	..	..	..	433

value of the plant on which depreciation is allowed. But both expenses must be ignored in estimating the allowance due for wear and tear.

A note may be made as to machinery changing hands. (As to this see also the decision referred to above, *Scottish Shire Line, Ltd. v. Lethem*, 1912.) It should be remembered that the only restriction placed on the annual allowances is that the aggregate thereof may not exceed the total cost of the machinery *to the person to whom it is allowed*. The fact that the previous owner may have exhausted his allowances does not prevent the present owner from claiming an allowance based on the actual cost of the machinery to him.

It may be observed that the deduction from assessments is restricted to the cases of trades, manufactures and concerns in the nature of trade assessed under Case I of Schedule D, and to concerns chargeable by reference to the rules of that Schedule. The last phrase includes mines, quarries, waterworks, railways, etc., assessable under Schedule A, No. III.

DEPRESSION OF TRADE.

A depression of trade affords no reason, by itself, for a trader's assessment (presumably based on his average profits) to be reduced. If he makes an absolute loss in any year he may appeal as stated under LOSS. Where he makes a profit, however small, he must let it take its effect on his assessments for the next three years. When, however, an "unusual, exceptional, extraordinary" depression of trade follows on the acquisition of a business from the previous owner, the new proprietor may appeal as stated under SPECIFIC CAUSE. (*Ryhope Coal Co. v. Foyer*, 1881.)

DEPUTY.

A deputy (as distinct from a substitute—see under SUBSTITUTE) is assessable through his principal if the latter receives the combined remuneration. Tax is deductible from the deputy's salary. (*I.T.A.*, 1842, s. 146, *Schedule E*, Rule 8.)

DEVELOPMENT EXPENSES.

The expense of developing an estate may not be allowed against subsequent profits unless it is a part of the trade in question to develop that estate. Thus, if a company purchases a forest with the intention of clearing the ground and growing rubber thereon, the cost of removing the trees may not be charged against any profits made out of the sale of rubber. If, on the other hand, the company's business is to purchase wild lands, to clear them and to dispose of them to other companies in their improved condition, the expense of clearing should be allowed against the price the land is sold for. In the latter case it is clearly part of the company's ordinary trading operations to develop the estate so that it may be sold in its developed condition.

The broad principle is that charges incurred in the development of a company's assets before that company can commence to carry on the business for which it is formed, should not be allowed as deductions from the company's profits. They should rather be regarded as capital outlay similar to the amount paid for the assets in their undeveloped state. This principle extends to all classes of assets, including mining concessions, plantations, etc.

DEVELOPMENT EXPENSES—(contd.)

Recurring expenses, such as the annual weeding of plantation lands, should be distinguished from the development expenditure referred to. Such expenses are allowable, as shown under **PLANTATIONS**.

DILAPIDATIONS.

No allowance is made for the dilapidation of property except as stated under **REPAIRS**.

DIPLOMATIC PRIVILEGE.

See under **FOREIGN MINISTERS**.

DIRECTORS.

The directors of a company are assessable under Schedule E, on the amount of the fees payable to them within the year of assessment. Commissions and percentages of profits payable to directors are dealt with under **COMMISSION**. Some of the provisions of Schedule E are a little uncertain as to their application to the directors of a limited liability company, particularly regarding the deduction of tax from their fees by the secretary of the company. The sixth rule of Schedule E (*I.T.A.*, 1842, s. 146) would appear to require this deduction, but the recent case of *Pickles v. Foster* (1913) suggests that certain of these rules refer to government servants only. In any case it may be taken for granted that the deduction of tax from directors' fees is never required by the Revenue authorities. It is the common practice of secretaries to make this deduction and to pay over the tax to the collector, but this is only for the convenience of directors. The secretary is required, however, to make an annual return of the remuneration payable to directors. (See under **SECRETARIES**.)

The directors of a company may not require the company to bear the income tax charged in respect of their fees unless the Articles of the company so provide. (*Boschoeck Proprietary Co., Ltd. v. Fuke*, 1906.)

Travelling expenses incurred by directors in attending directors' meetings may not be charged against their fees. (*Revell v. Directors of Elworthy and Co., Ltd.*, 1890.)

DIRECTORS—(contd.)

The proprietor of a business made a loss for three years, and then converted the business into a limited liability company, himself receiving a salary as managing director. He was not allowed a deduction in respect of the previous losses. (*Bray v. Brothers*, 1897.)

The directors of a company are assessable at its registered offices, where they are presumed to perform their duties. A director who has no residence in the United Kingdom and who has not attended the registered office during the financial year (being required to perform his duties abroad), is not liable to income tax on any remuneration which is paid him abroad. (*Pickles v. Foster*, 1913.)

DISCOUNT.

Discount which is taken off the price of goods in recognition of prompt payment, is ignored for income tax purposes. The trader is simply regarded as having sold his goods for the smaller price. Discount which is really interest, however, is assessable as interest. (*I. T. A.*, 1853, s. 2.) This charging section is no doubt meant to meet the fact that what is discount to the person who allows it is interest to the person who receives it. When a person is entitled to a certain payment at a future date and a second person hands him a smaller amount at once, in return for the right to receive the payment when it is due, the difference (*i.e.*, discount to the first person) is interest on money advanced so far as the second person is concerned. This difference is assessable as interest, except where it arises in the course of a bill-discounting business in which case it is a profit of trade.

DISTRAINT.

When duties are unpaid the collector may distrain on the goods of the person on whom the assessment is made or on any goods on the premises in respect of which the assessment is made. When the assessment is on trading profits the trader alone may be distrained on. When the assessment is for property tax (Schedule A) any goods in the house may be seized, but not the goods of the owner of the premises resident elsewhere unless the assessment is made on him. (See under LANDLORD as to this.) A tenant may be called upon to pay the arrears of property tax due from the

DISTRAINT—(*contd.*)

previous tenant, and may deduct the amount from his next payment of rent. He may not be distrained on, however, for any arrears the previous tenant ought to have paid and ultimately borne himself, *i.e.*, when the previous tenant was also the owner. (*I.T.A.*, 1842, s. 35.) When lands charged to property tax are unoccupied and no subject for distraint can be found thereon, the collector may enter upon the lands and distrain at any subsequent time when he finds thereon anything which he may seize (to whomsoever it may belong). (*I.T.A.*, 1842, s. 70.)

A collector may distrain by authority of the warrant given to him by the local commissioners on his appointment. He may also obtain from them a warrant authorising him to break open any premises in the daytime. Goods distrained are required to be kept for five days at the expense of the person owing the duties, after which they may be appraised and sold by auction. (*I.T.A.*, 1842, s. 86.) See under CROWN as to the priority of distraint for income tax over process for the recovery of other debts. The costs of distraint are as follows—

(1) *For sums not exceeding £20.* For levying distress, 3s. ; for the man in possession, 2s. 6d. per day ; for appraisement, 6d. in the pound on the value of the goods ; for advertising, not exceeding 10s. ; other expenses incurred during the sale, not exceeding 1s. in the pound on the net produce of the sale.

(2) *For sums exceeding £20.* For levying distress, 3 per cent. up to £50, 2½ per cent. up to £200, 1 per cent. afterwards ; for the man in possession 5s. per day ; for appraisement, 6d. in the pound on the value of the goods ; for advertising, any sum necessarily paid ; other expenses incurred during the sale, 7½ per cent. on the nett produce up to £100, 5 per cent. on the next £200, 4 per cent. on the next £200, 3 per cent. on any sum between £500 and £1,000, 2½ per cent. on any sum exceeding £1,000.

DIVIDENDS.

Dividends paid by a trading company are taxed by assessment on the company. The company is entitled to deduct tax from every payment of dividend, but frequently elects to make the payments without deduction, *i.e.*, “free of income tax.”

DIVIDENDS—(contd.)

In any claim to exemption, abatement, or repayment by the shareholder he should include the gross amount of the dividends received by him. If he receives £5 less tax at 1s. 4d. (£4 13s. 4d.) he should show his income from this source as £5. If he receives £5 free of income tax he should return £5 7s. 2d. (£5 7s. 2d. less tax at 1s. 4d. is £5.) The claim will be for the financial year ending on 5th April, and the dividends included thereon will be those which accrued to dates within this year, irrespective of the dates of payment.

Tax deducted from dividends may usually be repaid only to the persons whose names the vouchers bear. When shares are bought cum-dividend after the date to which the dividend accrues, the dividend must be regarded as the income of the person who held the shares up to that date. That person may claim repayment if his income is within the limits (see under REPAYMENT), but the buyer may not. (See under CUM- AND EX-DIVIDEND as to this.)

In *Ashton Gas Co. v. Attorney-General* (1905) it was held that where a dividend was limited by Act of Parliament to 10 per cent., a dividend of "10 per cent. less income tax" was intended.

See also under BONDS; COUPONS; DEDUCTION OF TAX; DEDUCTION OF TAX AT CHANGING RATES; UNEARNED INCOMES.

DOCKS.

Docks are assessable on the amount of the profits earned during the year preceding the year of assessment. (*I.T.A.*, 1842, s. 50, *Schedule A, No. III.*) Duty is chargeable on the full amount of the profits without any deduction for rent and similar payments, from which tax should be deducted by the proprietors of the dock.

The rules of Schedule D apply so far as they are consistent with those of Schedule A, No. III. (*R.A.*, 1866, s. 8.)

DOMESTIC EXPENSES.

The Income Tax Acts prohibit any deduction from profits in respect of the expenses of maintenance of the proprietor or of his family. When a trader withdraws some of his goods for domestic use he should make an allowance therefor in his accounts. When any of his children or other relatives (except his wife) earn their

DOMESTIC EXPENSES—(*contd.*)

livelihoods in his employ, and he provides their board and lodging as part of their remuneration, the expense thereof may be charged in his accounts as a trade expense.

DOMICILE.

The matter of domicile has no bearing on the question of a man's liability to income tax, except as regards his liability on foreign income remaining abroad. (See page 212.) In other cases the material point is that of residence, and it is well established that a man may have residences all over the world and still be liable as a resident in the United Kingdom. (See under RESIDENCE regarding this matter.)

DOUBTFUL DEBTS.

See under DEBTS.

DRAINAGE.

From the annual value of houses or lands (as estimated for purpose of assessment under Schedule A, *i.e.*, property tax) a deduction is allowed of the amount charged by any public rate or assessment in respect of drainage, fencing or embanking. (*I.T.A.*, 1842, s. 60, *Schedule A, No. V, Rule 6.*) This allowance extends only to a public rate or assessment.

No deduction is allowed in respect of rent-charges under the Drainage Advances Acts, but tax may be deducted from these payments at the rate of one-third of the rate of income tax in force while the payments accrued. (*I.T.A.*, 1853, s. 42.)

DRAINS AND LEVELS.

These concerns are assessable on the profits of the year preceding the year of assessment. (*I.T.A.*, 1842, s. 60, *Schedule A, No. III.*) Duty is chargeable on the full amount of the profits without any deduction for rent and similar payments, from which tax should be deducted by the lessees of the drains. The assessment should be made in one sum at the head office of the concern.

The provisions of Schedule D apply so far as they are not inconsistent with those of Schedule A, No. III. (*R.A.*, 1866, s. 8.)

These rules do not necessarily include sewers. (See under SEWERS.)

DRAWINGS.

The drawings of a proprietor or partner of a business should not be charged as a deduction, whether they are described as drawings, salaries, wages or interest on capital.

DWELLING-HOUSES.

Dwelling-houses are charged under the rules of Schedule A, as is shown under HOUSES. When a trader uses a part of his dwelling for business purposes he may charge a portion of his rent (in no case exceeding two-thirds) as a trade expense, according as the facts would justify. (*I.T.A.*, 1842, s. 101.)

EARNED INCOME.

Since 1907 the Finance Acts have differentiated between certain earned income and other income, by directing a lower rate to be charged in respect of the former. Three conditions are necessary if a taxpayer is to be charged at a lower rate. They are : (1) that his total income from all sources (reckoned under the rules of the Income Tax Acts) does not exceed the limits referred to under RATES OF TAX, (2) that the income on which relief is claimed is earned (see below as to this), and (3) that he makes a claim to the lower rate at the time he makes his return or in any case before 30th September in the financial year for which tax is charged. (*F.A.*, 1907, s. 19.)

The total income from all sources must be declared just as for purposes of abatement. (See under ABATEMENT, where it is shown that the "legal income" is regarded and not necessarily the actual income ; see also pages 44, 39, and 48.) Life insurance allowances may not be taken to reduce the income below the limits imposed.

"Earned income" includes the profits immediately derived from the carrying on or exercise of a trade, manufacture, profession, vocation or employment (including farming) by the person making the claim ; also any pension, superannuation, or other allowance, deferred pay or compensation for loss of office given in respect of the past services of the person making the claim or of the husband or parent of that person, whether the husband or parent contributed thereto or not ; also any income from property which is attached

EARNED INCOME—(*contd.*)

to and forms part of the emoluments of any office or employment of profit held by the individual, *e.g.*, the rent of glebe lands. The earned rate is not allowed on property except where the proceeds therefrom are received as part of the emoluments of an employment, neither may it be claimed in respect of dividends paid by a company.

The necessity of making a claim before 30th September in each year is very clear, and utterances in the Houses of Parliament have shown that this requirement is strictly observed.

A partner is entitled to an earned income rate only if he personally acts in the business. On his claim he should show his share of the firm's assessment, *i.e.*, the amount which would fall to him if the profits were actually to equal the amount of the assessment. This is explained under PARTNER'S RETURNS, and specimen returns are given in Chapter VII.

Where a person claims abatement and the allowances for life insurance premiums and for children as well as the earned income rate, such allowances must be made from earned income so far as it will cover them. (*F. A.*, 1907, s. 19.)

When interest (or any other annual charge) is paid out of earned income, tax on the amount thereof will be charged at the full rate. Thus, if from an earned income of £1,100 a man pays interest £100, the assessment will be £100 at the full rate and £1,000 at the earned income rate. In paying the interest he will deduct tax therefrom at the full rate and so recoup himself.

When the earned income rate was duly claimed and for some reason was not allowed, the person entitled thereto may claim repayment of tax over-paid, by lodging an application with a surveyor of taxes within three years of the end of the financial year concerned. (See under REPAYMENT.)

See under RATES OF TAX.

EASTER OFFERINGS.

See under CLERGYMEN.

EMBANKMENTS.

From the annual value of houses or lands (as estimated for

EMBANKMENTS—(*contd.*)

purposes of assessment under Schedule A, *i.e.*, for property tax) a deduction is allowed of the amount charged by any public rate or assessment in respect of embanking. (*I.T.A.*, 1842, s. 60, *Schedule A, No. V, Rule 6.*) A similar allowance is made of the average amount expended by the landlord or owner over the previous twenty-one years, in the making and repairing of sea-walls or other embankments necessary for the preservation or protection of such lands against a sea or tidal river. (*I.T.A.*, 1853, s. 37.) It has been held that the last mentioned allowance refers only to expenditure incurred in preserving lands in their existing state. (*Hesketh v. Bray*, 1888.)

EMBEZZLEMENT.

If a loss by embezzlement can be said to be necessarily incurred in carrying on the trade it is allowable as a deduction from profits. In an ordinary case it springs directly from the necessity of deputing certain duties to an employee, and should therefore be allowed.

EMOLUMENTS.

The emoluments of any office are assessable to income tax, whether they are payable by the Crown or by the subject. The general rule of Schedule E is that the remuneration is assessable on the current year's earnings, but the perquisites of an office (including fees or other emoluments) may be charged on the profits of the preceding year or on the average profits of the three preceding years. The distinction between perquisites and other remuneration assessable on the actual year's earnings is dealt with under PERQUISITES. (*I.T.A.*, 1842, s. 146, *Schedule E, Rule 4.*)

EMPLOYEES.

An employee is chargeable under Schedule E when he holds an office or employment under the Crown, under any public body or under any company or society. This extends to all employees of these bodies except those serving in the capacity of porter, labourer, engine-driver, etc., none of which positions is regarded as an office or employment of profit. (*Attorney-General v. Lancashire and Yorkshire Railway Co.*, 1864.) The rules of Schedule E require

EMPLOYEES—(contd.)

salaries to be assessed on the current year's remuneration, and any increase during the year may be the subject of an additional assessment. (*I.T.A.*, 1842, s. 146, *Schedule E, Rule 1*; *I.T.A.*, 1853, s. 53.) Bonuses, commissions and gratuities are sometimes regarded as perquisites, which are assessable on the profits of the preceding year or on the average profits of the past three years. These extra payments are assessable in every case where they are given to the employees because they are employees. (See under **BONUSES**.) It is generally known, however, that the commissioners do not as a rule object to certain subordinate employees of a company or society being assessed on their average earnings. This, of course, is a concession, and it is necessary to give information in support of a claim that the person assessed holds a subordinate and not clearly defined position (*e.g.*, is a subordinate clerk, etc.).

All employees not stated above to be assessable under Schedule E are assessable under Schedule D (Case II) on the average profits of the three preceding years. A change of employment does not affect the average provided that both employments have been substantially the same in character and that both fall within Schedule D. The period over which the average is taken may not include any time of unemployment. There are no provisions which allow the average system of assessment to be abandoned in any case when it is legally applicable. Gratuities, bonuses, commissions, etc., are assessable with the salary unless it can be shown that they have no connection with the employee's position as an employee. (See under **BONUSES**; also under **GRATUITIES**.)

No deductions are allowable in respect of the expense of travelling to the place of employment, or of obtaining meals. Where the employer pays income tax on his employee's salary he may not charge it as an expense in his accounts. The allowances, etc., which may be due to an employee are shown under **ABATEMENT**; **CHILDREN**; **EARNED INCOME**; **EXEMPTION**; and **LIFE INSURANCE**.

An employee charged under Schedule D is chargeable at the place where he exercises his employment. (*I.T.A.*, 1842, s. 106.) An employee charged under Schedule E is also assessable where he performs his duties, as it has been held recently that the enactment that persons assessed for offices shall be deemed to exercise them

EMPLOYEES—(contd.)

at the head office of the department (*I.T.A.*, 1842, s. 147) refers only to Crown servants. (*Pickles v. Foster*, 1913.)

EMPLOYEE'S RESIDENCE.

No question arises when the employee pays rent for his residence. For the law in other circumstances see under **RENT-FREE RESIDENCE**.

When an employer provides his employee with a residence as part of his remuneration or otherwise for the purposes of his business, he may charge the expense thereof as a trade expense. (*Russell v. Town & County Bank*, 1888.) The provision restricting the deduction of the full rent of business premises on which he himself resides does not extend to circumstances such as these.

EMPLOYERS' LIABILITY ACT.

See under **ACCIDENTS**.

EMPTY PROPERTY.

The only section granting exemption in respect of empty property is that enacting that duty shall not be levied under Schedule A (property tax) on any house which is unoccupied, for the year or part of a year during which it is unoccupied. Duty for that period is required to be discharged by the commissioners on due proof of the facts. (*I.T.A.*, 1842, s. 70.) It is usual to arrange with the collector for the correct allowance to be made. There is no relief for lands which are unoccupied. Where there is no tenant the owner is regarded as occupier and tax must be paid under both Schedule A and Schedule B.

Where lands or houses are unoccupied and tax is due thereon in respect of an earlier period, the collector may distrain on any subsequent tenant who refuses to make good the arrears. The only exception is in the case of arrears due from a person who was owner and legal occupier also. Any arrears of tax paid by a tenant may be deducted from any subsequent payment of rent to his landlord. (*I.T.A.*, 1842, s. 70; *I.T.A.*, 1853, s. 35.)

The allowance referred to under this heading does not extend to an empty tenement, flat or apartment, except where such

EMPTY PROPERTY—(*contd.*)

tenement, flat or apartment, has been separately assessed to property tax. See under TENEMENTS as to the circumstances in which this may be done.

To be regarded as empty the premises in question must be unfurnished. (*Smith v. Dauney*, 1904—*House Duty Case*.) The presence of a caretaker does not invalidate a claim which might otherwise be made, so long as he resides on the premises rent-free in order to protect them and furnishes a few rooms only.

ENGINE DRIVERS.

Engine drivers are not regarded as holding "an office or employment of profit," and are therefore assessable under Schedule D (Case II) on their average earnings. (*Attorney-General v. Lancashire and Yorkshire Railway Co.*, 1864.) No deduction may be made in respect of expenditure on clothes or meals.

ENGINES.

An engine is machinery falling within the terms of the allowance for wear and tear. (See under DEPRECIATION.)

Engines and similar machines which are fixtures within a building and are let therewith, are liable to be included in the assessment to property tax. In *Tyne Boiler Works Co. v. Tyne-mouth*, 1886, Lord Esher remarked as follows: "Things which are there for the purpose of making and which do make the premises fit as premises for the particular purposes for which they are used, are to be taken into account in ascertaining the rateable value of such premises." (See under ANNUAL VALUE for a fuller note on this subject.)

ENTRANCE FEES.

A fee which is payable on entering a profession or calling is not allowed as a deduction from profits. Such expenditure is not incurred in exercising the profession or calling, but in purchasing the right to enter therein. It is similar, in this regard, to the registration fees of a company. An annual subscription which is required from stock-brokers and jobbers, lawyers and other professional men may be charged as an expense in each year's accounts.

EQUITY OF LEASE.

A person who purchases what is called the equity of a lease is regarded as the owner of the property concerned. In point of fact he purchases the property and makes himself responsible for the charges thereon. He must suffer tax on the full assessment under Schedule A (property tax), but may deduct tax from any ground rent or interest paid, as stated under ANNUAL PAYMENT. (See also under BUILDING SOCIETIES when such an organisation is concerned.)

On any claim to exemption, abatement or the relief allowed to earned incomes, the claimant should include the nett assessment on the property, and should show interest, ground rent, and other deduction in the space provided at the foot of the form. No deduction is allowed in respect of the repayment of loans.

ERRORS IN ASSESSMENTS.

See under ASSESSMENTS.

EX-DIVIDEND.

See under CUM-DIVIDEND.

EXECUTORS.

See under DEATH.

EXEMPTION.

Exemption is allowed in respect of all incomes not exceeding £160 per annum. (*F. A.*, 1894, s. 34.) In every other respect the notes under ABATEMENT apply to claims to exemption also.

For particulars of exemptions allowed on grounds other than of smallness of income, see under ALMSHOUSES; ASYLUMS; CHARITIES; EMPTY PROPERTY; FOREIGN MINISTER; FRIENDLY SOCIETIES; HOSPITALS; INDUSTRIAL AND PROVIDENT SOCIETIES; LITERARY INSTITUTIONS; SAVINGS BANKS; SCHOOLS; SCIENTIFIC INSTITUTIONS and TRADE UNIONS.

EXHAUSTION OF CAPITAL.

It is a fundamental principle of the income tax laws that all expenses on account of capital shall be ignored in estimating the profits liable to assessment. This rule is severe on those concerns

EXHAUSTION OF CAPITAL—(contd.)

whose business is of such a nature that large sums must be written off the profits to make good those capital losses which are rendered inevitable by the necessary circumstances of the concerns in question. The legislature has recognised this hardship in one particular case, for since 1878 a just allowance in respect of the diminished value of machinery and plant by reason of wear and tear has been required to be made. (See under DEPRECIATION.) In late years there has been agitation for the extension of this allowance to the case of assets other than machinery and plant. The reasons given against the alteration of the law in this regard are that the principle of the disallowance of capital charges is bound up with the whole system of income tax as evolved in acts and cases during seventy years, and that the concession asked for would entail a large loss to the revenue, and necessitate a higher rate all round. It does not appear likely that the principle referred to will be set aside in the near future.

It may be of advantage to state the enactments on which the rule is based, and to give the judicial reading thereof. "In estimating the balance of profits and gains chargeable under Schedule D, for the purpose of assessing duty thereon, no sum shall be set off or deducted from such profits and gains . . . on account of any capital withdrawn therefrom, nor for any sum employed or intended to be employed as capital in such trade"—so runs Rule 3 of the First Case of Schedule D. (*I.T.A.*, 1842, s. 100.) The fact that a trader is often obliged to make a deduction from his profits to meet a diminution of his capital, was fully appreciated by the Lord President in *Coltness Iron Co. v. Black*, 1881. "In ascertaining the amount of nett profits for the purpose of division (between the shareholders) the state of the capital account necessarily affects the balance sheet. If any part of the capital is lost, or if, from the nature of the business, the capital employed can never be recovered or restored, that is an element of primary importance in fixing the financial condition of the company and the true amount of its nett earnings. *But the statute refuses to take an ordinary balance sheet, or the nett profits thereby ascertained, as the measure of the assessment, and requires the full balance of profits, without allowing any deduction except for working expenses, and without regard to the state of the*

EXHAUSTION OF CAPITAL—(contd.)

capital account or to the amount of capital employed in the concern, or sunk or exhausted, or withdrawn." From among numerous dicta one other may be selected. "Diminishing capital or exhausted capital cannot be brought into your profits and gains when making out your accounts, either under Schedule D or Schedule A." (*Gillatt and Watts v. Colquhoun*, 1884.)

The rule of Schedule A, No. III (for concerns in the nature of trade which require the use of lands, *e.g.*, mines, quarries, etc.) is as clear. "The annual value of all properties hereinafter mentioned shall be understood to be the *full amount . . . of the profits received* therefrom within the respective times herein limited." The dicta quoted above may be understood, therefore, to include the case of mines, quarries, etc., assessable under Schedule A, No. III, but according to the rules of Schedule D (*R. A.*, 1866, s. 8), as well as ordinary trading concerns. Lord Blackburn's comments to this effect in *Coltness Iron Co. v. Black* (1881), will first be given: "The duties are to be assessed according to the rules of Schedule D . . . and any rule expressed as to the mode of computing the balance of the profits and gains, *which is not inconsistent with Schedule A, No. III*, may perhaps be made in future to apply to the mode of computing the annual profits of properties chargeable under No. III." Also the Master of the Rolls' dictum in *Alianza Co., Ltd. v. Bell* (1904): "The contention is that the sum deducted represents only the cost of the raw material consumed in the year and stored in the ground until consumed. . . . The point has been frequently discussed in other cases where capital has been embarked in a wasting subject-matter, such as a coal mine, and the same argument has been advanced and overruled. I think those cases establish that on this particular point the provisions of Schedule D are no more favourable to the appellants than those of Schedule A." In subsequent comments, therefore, it will be unnecessary to distinguish between the rules of Schedule A and those of Schedule D.

We turn now to a specific case of the exhaustion of capital, that of the purchase price of an *annuity*. In this matter further comments by the Lord President in the *Coltness* case are very clear: "Nor does it make any difference on the incidence of the tax that

EXHAUSTION OF CAPITAL—(contd.)

the income has been created by the sinking of capital, as in the case of the purchase of annuities, instead of being merely the natural annual product of an invested sum which remains unconsumed and undiminished by the consumption of the income which it yields. . . . When he purchases an annuity he converts his whole estate into an income which represents no capital but that which he has paid away or exhausted to purchase the income. But the statute takes no heed of his exhausted capital, and makes no deduction from the actual amount of his income on that account."

The second specific case of exhausted capital to be considered is that of the *exhaustion of lands*. Three forms of this exhaustion will be mentioned, viz., the cases of cemeteries, of collieries, and of other land containing mineral deposits. *The business of a cemetery company* is to sell its land for a particular purpose and in small portions. The normal method of estimating profits arising in such a business would be to deduct from the proceeds the cost of the land sold and the expenses of management. The Income Tax Acts do not allow this, as will be understood from the preceding explanations. The following extracts from judgments state this in detail. "It may be quite right that as the years have been going on, and the land which was the source of profit of this company was getting gradually exhausted, as a mercantile concern they should be applying portions of the money which they are receiving for the exclusive use of that ground to the redemption of their capital. Their original stock of ground . . . was gradually disappearing, and they were eating into what may be called their capital year by year. . . . The balance sheet is quite in accordance with what a trader in such circumstances would do. But it is a very different question whether . . . the sums which are received and which are proposed to be applied to the redemption of capital can be properly regarded as profits under the income tax acts. Upon that question the case of the Coltness Iron Company is perfectly distinct, and has settled the point we are now dealing with," i.e., settled that no allowance may be made for the exhaustion of capital. (*Edinburgh Southern Cemetery Co. v. Kinmont*, 1889.) In a later case the same question was argued, but with the additional point that the cemetery company should not regard as income so much of its receipts as were in

EXHAUSTION OF CAPITAL—(contd.)

respect of obligations undertaken to maintain certain lairs perpetually. In the briefest of judgments the court refused the plea. "Is income chargeable where money is received and a perpetual obligation undertaken? We should be going against the theory of the cases which have already been decided, and against decisions which are well recognised if we were to give countenance to the idea. The case is exactly the same as the ordinary one of money paid down with an obligation to provide for certain expenses in the future." (*Paisley Cemetery Co. v. Reith*, 1898.) Next, *the business of a colliery company* is to purchase land, with the minerals underneath, and to sell those minerals after bringing them to the surface. The *Coltness* case referred to above resulted from the company's application for an allowance in respect of the cost of sinking new pits, as the old ones became exhausted. In an earlier case such an allowance was permitted but in the House of Lords it was now finally refused. The law was too clear for any deduction to be claimed directly in respect of the exhaustion of the coal beds. Lord Penzance showed further that the acts permitted the deduction of the cost of working the mine but not the cost of making it. (See under MINES as to level tunnels, etc.) *Other mineral grounds*, including those situated abroad and therefore assessable under Schedule D, fall under the same rule, as elucidated in *Alianza Co. v. Bell*, 1906. In this case the company extracted nitrates from land in Chili, but no allowance was made in respect of the exhaustion of their grounds. Lord Justice Stirling stated that "a question has arisen whether in making such an assessment (under Schedule D, Case I) there ought to be deducted from the admitted receipts of the company any sum in respect of the cost price of the caliche (raw material) worked up by the company in the course of each year. The company claims to be entitled so to do on the ground that such cost is an expense 'wholly and exclusively laid out and expended for the purposes of their trade' within the meaning of the first rule applicable to the first and second cases under Schedule D. *Prima facie* the claim appears to be reasonable, for such an expense ought certainly to be deducted by a prudent trader from his gross receipts before he arrives at the amount of his profits for any particular period; but the answer on behalf of the Crown is that,

EXHAUSTION OF CAPITAL—(contd.)

however this may be, the deduction in question is forbidden by the terms of the income tax act itself."

As an illustration of the application of the principle referred to in this note to other cases of the exhaustion of capital, the case of *Gillatt and Watts v. Colquhoun*, 1884, may be cited. Here the appellants claimed to deduct from each year's trade profits that proportion of the cost of the lease of the business premises which represented the value exhausted in that year. The claim was disallowed.

EXPENSES.

The expenses which may be charged against the profits of trades and professions are dealt with under DEDUCTIONS. The following note will deal with expenses which are chargeable against remuneration earned in the case of an employment.

Employments are divided into two classes, one of which falls under Schedule D and the other under Schedule E. The latter includes employment under a company, society or body of persons, and under the Crown or a public body. The former includes all other employment.

Under Schedule D an assessment must be made on the "balance of the profits" which accrue. The expenses which may be deducted in striking the balance must be "wholly or exclusively laid out for the purposes" of the employment, and must not include any expenses personal to the individual employed. (*I.T.A.*, 1842, s. 100, *Schedule D, Cases I and II, Rule 1.*) Thus, a clerk is required to travel from his residence to his office, but he does not do this in the course of business, and his fare is not expended wholly or exclusively for the purposes of that business. It is not allowable as a deduction, therefore. In fact it may be stated without question that a clerk is very seldom in a position to set any expenses against his salary, because as a general rule he is engaged on the understanding that his employer shall bear all expenses incurred in carrying on the business. (See under ALLOWANCES for deductions in respect of children, insurance, etc.; these are not "expenses.") A commercial traveller, however, travels in the course of his employment and such expenses as are borne out of his remuneration

EXPENSES—(contd.)

may be set against it for purposes of assessment. (See under COMMERCIAL TRAVELLER.)

Under Schedule E the nature of the employment more often requires certain expenditure to be incurred by the person employed. The rule is that such expenses may be deducted as are incurred "wholly, exclusively, and necessarily" in the performance of the office or employment. (*I. T. A.*, 1853, s. 51.) The case of CLERGYMEN AND MINISTERS is dealt with under that heading. Allowances to other persons should include the rent of an office required to be kept and paid for by the person assessed, also the wages of an assistant or clerk (not of a substitute or *locum tenens*). Other expenses are allowable according to the nature of the employment, e.g., medicine supplied by a medical officer (without payment), a veterinary surgeon's travelling expenses, etc. It is sometimes more convenient for such professional men as these to charge their expenses in the accounts of their general practice, in which case the salary of the office will be assessable in full. Certain expenses are not allowable, viz., the cost of travelling from home or elsewhere to the place where the duties of the employment are to be performed (*Cook v. Knott*, 1887; *Revell v. Directors of Elworthy and Co., Ltd.*, 1890): the wages of a domestic servant engaged at home while the wife exercises her employment (*Bowers v. Harding*, 1891), also the cost of the maintenance (including food) of the person assessed or of his family.

EXPLORATION.

The cost of exploration may be charged in a company's accounts only if it is a part of the company's business to conduct that exploration. Thus, if a mining company explores new territories for the purpose of investigating mining potentialities in the locality concerned, the expense is not allowable. On the other hand, a company whose business it is to develop a tract of land would be entitled to charge the cost of exploration incidental to that development. The mention, in its articles of association, of a company's right to explore is not conclusive, as companies often take to themselves powers which are not intended to be exercised in the course of trading, but only as extraordinary features of its operations. Two

EXPLORATION—(contd.)

questions may be asked in cases of doubt : (1) Were the exploration expenses incurred in earning the profits assessed ? If so, they are allowable as deductions from those profits. (2) If the knowledge obtained through the exploration were to result in the company's selling its rights in the land explored, would it admit a liability to income tax on any surplus realised on that sale ? If not, the exploration charges may not be deducted.

EXTENSION OF BUSINESS.

Expenses incurred for purposes of extending a business cannot be regarded as being connected with the profits of the year in which they are incurred. For purposes of accountancy, even, they would be regarded as capital charges, however quickly they might be written off out of profits. For income tax purposes the rule is clear. "Expenditure which is made in one year must, if it is to be deducted for purposes of income tax, have reference to profits made during that year." (*Lord Shand in Royal Insurance Co. v. Watson*, 1896.) Similarly, a claim to charge against profits the expenditure incurred by a company in removing into larger premises, was refused on the express ground that the expenditure was not "an expense incurred for the year in which the thing is done, but for the general interest of the business." (*Lord McLaren in Granite Supply Association, Ltd. v. Kitton*, 1905.) This then is the legal position.

On the other hand, it is obviously the aim of every trader to extend his business, and it is impossible to ear-mark his expenses by regarding some of them as being incurred for the purpose of sustaining the business and others for the purpose of extending it. A practical rule is as follows. Any expenditure definitely incurred with a view to the extension of the business (*e.g.*, expenses of removing, of opening a new branch, etc.) must be disallowed as a charge against profits. Other expenses incurred in normal methods of pushing the trade may properly be set against the profits of the year in which they are incurred. It may assist the reader to consult the note under ADVERTISEMENTS.

EXTENSION OF PREMISES.

Expenses incurred in extending business premises undoubtedly

EXTENSION OF PREMISES—(contd.)

fall within the description "capital employed in the improvement of premises occupied for the purposes of such trade," and as such they may not be set against profits for income tax purposes. (*I.T.A.*, 1842, s. 100, *Schedule D, Case I, Rule 3*.) No expenses on account of capital may be deducted from profits. (See under **CAPITAL**.) The particular case of the extension of premises is similar to that explained in detail in the previous article.

FAIRS.

The profits which accrue from the rights of fairs are assessable under Schedule A, No. III, but according to the rules of Schedule D (*I.T.A.*, 1842, s. 60; *R.A.*, 1866, s. 8) so far as they are not inconsistent with the rules of Schedule A. (*Lord Blackburn in Coltness Iron Co. v. Black*, 1881.) Duty is assessable on the amount of the profits of the year preceding the year of assessment. The owner of the rights should be assessed on the amount received without a deduction being allowed in respect of losses in other concerns of a similar or dissimilar nature. (*In re Corporation of Birmingham*, 1875; *Attorney-General v. Scott*, 1873.)

FAMILY EXPENSES.

No charge may be made in a trader's accounts in respect of the expense of the maintenance of his family. (*I.T.A.*, 1842, s. 100, *Schedule D, Cases I and II, Rule 1*.) Goods withdrawn from his business for domestic consumption should be allowed for in preparing his income tax return. The charges which may be made in respect of business premises on which he and his family reside, are dealt with under **BUSINESS PREMISES**. Where a trader's sons or other relatives (other than his wife) are employed by him in the business and receive board and lodging as part remuneration, he may charge the estimated cost thereof in his accounts for income tax purposes.

FARMHOUSES.

The annual value of a farmhouse is included in the Schedule B assessment, except (a) when it is occupied by the owner, or otherwise not rented, or (b) when it is not occupied for the purpose of farming the lands with which it is leased (e.g., when the occupier carries

FARMHOUSES—(contd.)

on a butcher's business therein). A farmhouse is charged to house duty on the lower scale if it is occupied by a tenant or farm servant and bonâfide used for the purpose of husbandry only. (See Chapter VIII for specimen assessments.)

FARMERS.

The profits of a farmer are assessable under Schedule B, and since 1896 such profits have been estimated at a third of the rent for which the lands are worth to be let at rack-rent. (See under RACK-RENT.) (*F. A.*, 1896, s. 26.) Included with the assessment on a farm are the farm buildings and the farmhouse, if they are occupied with the land for the purpose of farming it, and rented under the same demise as the land. (*I.T.A.*, 1842, s. 63.) The assessment should include the value of the sporting rights let with the farm. (*Revell v. Scott*, 1895.)

While the farmer may always be assessed on the above basis if he so pleases, he has the option of being charged under Schedule D (which is the schedule applicable to trade profits, etc.). In this connection the word "farmer" includes any person occupying lands for the purposes of husbandry only, provided that he signifies his desire to be assessed under Schedule D (by written notice to the surveyor of taxes) not later than 5th June in the year of assessment in question. (*C. & I.R.A.*, 1887, s. 18.) This notice must be given each year in which such an assessment is desired and the farmer is usually required to submit an account for each of the three preceding years, on the average profit of which years the assessment under Schedule D will be made. A suitable form of account is given at the conclusion of this note.

An adjustment of the assessment is also possible at the end of the year, provided that the lands are occupied for the purposes of husbandry only, and that the profits fall short of one-third of the annual value of the farm (*i.e.*, the amount of the Schedule B assessment). Such an adjustment must be claimed immediately after the expiration of the financial year. If the duty has been paid repayment may be claimed. (*F. A.*, 1896, s. 27.) This adjustment may not be allowed when the farmer is already assessed under the rules of Schedule D.

FARMERS—(*contd.*)

A further adjustment may be made if the year's farming account shows an absolute loss, and this applies on whatever basis the assessment has been made. A person sustaining loss in the occupation of lands for the purposes of husbandry only, should give notice in writing to the surveyor of taxes within six months after the year of assessment (that is, by the succeeding 5th October). On due proof the amount paid will be returned. The farmer may further claim repayment of tax on the amount of the loss if he has paid tax to cover it on other sources of income. (*C. & I.R. A.*, 1890, s. 23.) Thus, let it be assumed that his rent is £750 and his assessment £250, also that he makes a loss of £60 during the year of assessment. If he has no other income he will have paid tax on £90 (£250 less abatement, £160). Because he has made no profit he may reclaim tax paid on this £90. (*F. A.*, 1896, s. 27.) If, however, he owns the farm and is assessed at £450 gross therefor (say £370 nett after the deductions described under LANDS), he will have paid tax on £370, Schedule A, and £180, Schedule B (£250 less abatement £70, allowance on incomes between £600 and £700). Because he has made no profit as a farmer he may claim repayment of tax on £180 paid under Schedule B. Because he has made a loss of £60, he may claim repayment of tax on £60 (out of the tax on £370 paid under Schedule A). Further, because his income is now less than £400 (Schedule A, £310; Schedule B, nil) he may claim repayment of tax on an abatement of £160. In the end he will have suffered tax on £150 only, but when such a claim is made the farmer must give particulars of his income from all sources, and show that he has paid tax on all of it. Other examples are given in Chapter IV, including an illustration of a claim to the repayment of tax deducted from dividends.

When a farmer has elected to be assessed under Schedule D and subsequently claims repayment on a loss as shown above, he may not bring the amount of that loss into the average on which his assessment will be based in subsequent years. If he has been repaid on part of the loss he may only bring into the average that part on which he has not been repaid. (*C. & I.R. A.*, 1890, s. 23.)

A farmer may be assessed at one of the earned income rates (see under EARNED INCOME) under Schedule B, where his profits

FARMERS—(contd.)

are immediately derived from his own exercise of the calling of farmer; the earned income rates do not extend to Schedule A.

Specimen assessments on farms are given in Chapter VIII. See also under **CATTLE DEALERS** and **MILK DEALERS** as regards the increase of the assessment when it is not adequate, because more cattle are brought on the land than it will support.

The following is a convenient form of a farmer's account—

<i>Received—</i>		<i>Paid—</i>	
	£		£
For live-stock, corn, dairy produce, etc., sold during the year	825	For live-stock and produce bought during year ..	130
For implements, etc., hired out	4	For feeding stuffs, seed, etc., bought during year ..	63
For grazing provided ..	10	For labour (wages and insurance contributions) ..	216
<i>Add—</i>		For rent, rates and taxes (excluding income tax) ..	432
Value of stock and produce at the end of the year ..	398	For farm utensils, etc., supplied and work done ..	13
Value of farm produce used by the farmer and his household	55	<i>Add—</i>	
		Value of stock and produce at the beginning of the year	315
		Balance, profit	123
	£1,292		£1,292

FEES.

Fees are assessable as follows: wedding, funeral and other fees received by a clergyman or minister—on the average profits of the past three years (where the assessment is under Schedule E—see under **CLERGYMEN**—it may be based on the fees of the current year or of the past year alternatively); directors' fees—on the amounts which accrue during the year of assessment; apprentice fees received by a professional man or trader—on the average receipts of the past three years, and to be included in his general assessment; occasional fees received at irregular intervals (see under **CASUAL PROFITS**)—on the amount received during the year of assessment, but in practice the previous year's figures are often taken as the basis. As regards a company see under the next heading.

FEES PAID BY AND TO A COMPANY.

Fees paid for services in the ordinary course of business may be charged against profits. Fees paid to trustees for debenture holders

FEES PAID BY AND TO A COMPANY—(contd.)

are not, strictly speaking, expenses of trading. They should probably be regarded as expenses incurred in order to obtain capital. In practice the deduction is usually allowed, unless the company deducts tax from all payments of such fees. (See under TRUSTEES.) The registration fees of a company may never be charged against its profits, these being preliminary expenses incurred before the company may trade. Transfer fees received by a company in consideration of the transfer of its own shares are assessable to income tax. The company might probably contend that such fees are not part of the profits of its trading, being moneys received in connection with its share capital. If this attitude were taken up, however, the commissioners would probably hold that the fees were annual profits even though not earned in the course of trading. No case is on record in which transfer fees have escaped taxation, except where they are covered by expenses.

FENCING.

From the annual value of houses or lands (as estimated for purposes of assessment under Schedule A, *i.e.*, for assessment to property tax) a deduction is allowed in respect of the amount *charged by any public rate or assessment* in respect of fencing. (*I.T.A.*, 1842, s. 60, *Schedule A, No. V.*) See also under EMBANKMENT.

FERRIES.

The profits which accrue from ferries are assessable under Schedule A, No. III, but according to the rules of Schedule D (*I.T.A.*, 1842, s. 60; *R.A.*, 1866, s. 8); so far as they are not inconsistent with the rules of Schedule A. (*Lord Blackburn in Coltness Iron Co. v. Black*, 1881.) Duty is assessable on the amount of the profits of the year preceding the year of assessment.

FINANCIAL COMPANIES.

See under INVESTMENT COMPANIES.

FINES ON DEMISE OF PROPERTY.

Fines received in respect of any demise of property are assessable to income tax. The recipient should be charged on the amount

FINES ON DEMISE OF PROPERTY—(contd.)

received during the year preceding the year of assessment, but he may be allowed to deduct therefrom any part thereof which has been applied as productive capital on which a profit arises during the year for which the assessment is made. (*I.T.A.*, 1842, s. 60, *Schedule A, No. II, Rule 5.*) It has been held that money placed on deposit at a bank for interest may not be regarded as being applied as productive capital, as that term suggests something more than a temporary deposit at a bank. (*Lord Mostyn v. London*, 1895.)

FIRE INSURANCE.

A deduction in respect of fire insurance premiums is usually allowed from a trader's profits, although it must be admitted that such premiums are not expenses incurred in order to produce the profits of the year (by which rule the admissibility of particular deductions has more than once been determined in the Courts. See *Royal Insurance Co. v. Watson*, 1896, and *Granite Supply Association, Ltd. v. Kitton*, 1905). A premium which covers indemnification for the loss of profits owing to a fire may not be allowed. The principle of this disallowance has been confirmed in *Rhymney Iron Co., Ltd. v. Fowler*, 1896, which case is dealt with under **TRADE ASSOCIATIONS**. No loss which is covered by an insurance policy may be charged against profits (*I.T.A.*, 1842, s. 100, *Schedule D, Case I, Rule 3*), but an amount received under such a policy is not a profit of trading and is, therefore, not assessable to income tax.

FIRMS—HOW ASSESSED.

If a partner of any firm desired to claim exemption or abatement he was formerly allowed to be assessed separately. (*I.T.A.*, 1842, s. 100, *Schedule D, Cases I and II, Rule 3.*) This enactment was repealed, however, when the earned income rate was introduced in 1907. (*F.A.*, 1907, s. 30.) A firm is now required to be assessed in one sum under the remaining provisions of *Rule 3* ("no separate statement shall be allowed in any case of partnership"). Where any of the partners wishes to claim exemption, abatement or the relief allowed to earned incomes, his proportion of the firm's assessment

FIRMS—HOW ASSESSED—(*contd.*)

must be stated. It should be noted that a partner's income is reckoned as being his share of the firm's assessment and not his share of the profits of any particular year. (*F. A.*, 1907, s. 20.) The required division is made by answering the following question. If the firm's profits in the year for which the assessment is made were actually to equal the amount of the assessment, what proportion of that amount would fall to the share of the particular partner in question? Thus, if the firm's profits were £2,000 in 1911, £3,000 in 1912, £2,200 in 1913, and £4,000 in 1914, the firm's assessment for the year commencing 5th April, 1914, would be £2,400 (the average profits of 1911, 1912, and 1913). If, during the year commencing 5th April, 1914, a certain partner takes one quarter of the profits, his "legal income" for that year will be £600 (one quarter of £2,400). The fact that the firm's profits are £4,000 in 1914 is immaterial, as also would be the fact that he took a different share of the profits prior to 1914.

The acts make no provision for the case of a partner who has no means of telling on what *basis* the profits of the year of assessment will be divided. The difficulty must be got over by arrangement with the surveyor of taxes, who will often agree to the basis of some past year or years being substituted for the unknown basis of the current year.

The rule given above holds good in all cases of partnership. Difficulties often arise, however, where the profits are not divided among the partners in simple proportion, but with reference to interest on capital or to particular salaries allotted to the partners. Such difficulties should disappear on the examination of the following example.

EXAMPLE.—A firm is required to show the "legal income" of its partners for 1914/5, and finds its circumstances to be as follows—

(a) The firm's profits were £6,000 in 1911, £5,000 in 1912, and £4,000 in 1913;

(b) These profits were divided amongst its three partners, A, B and C, as follows: 1911, A £4,020, B £1,980 (C is not yet a partner); 1912, A £2,490, B £1,260, C £1,250; 1913, A £2,010, B £1,010, C £980;

(c) In 1914 the profits will be divided as follows: partners'

FIRMS—HOW ASSESSED—(*contd.*)

salaries, A £400, B £200, C £200; partners' interest on capital, A £80, B £50, C £40; of the balance of profits A will take one half, B one quarter, and C one quarter; before any of these payments are made, however, the firm will pay £100 interest on a loan taken out in 1914;

(*d*) It is subsequently ascertained that the firm's profits are £7,000 in 1914.

It should be noted in the first place that the particulars given under headings (*b*) and (*d*) are immaterial, and must be ignored in making the division for income tax purposes in 1914. These particulars were shown above in order that this might be clearly stated. The assessment will be on the average profits of 1911, 1912, and 1913, irrespective of the fact that C entered the business in 1912 only.

Firm's assessment (to be made in one sum) ..	..	£5,000
Interest payable ..	£100	
Partners' salaries: A £400, B £200, C £200 ..	800	
Interest on Capital: A £80, B £50, C £40 ..	170	
		1,070
		3,930
To be divided in the proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$ —		
A ..	..	1,965
B ..	..	983
C ..	..	982
		3,930

Summary: A's share—Salary ..	£400	
Interest ..	80	
Profits ..	1,965	
		£2,445
B's share—Salary ..	£200	
Interest ..	50	
Profits ..	983	
		1,233
C's share—Salary ..	£200	
Interest ..	40	
Profits ..	982	
		1,222
Interest on loan ..	100	
Firm's assessment ..	£5,000	

The firm's return in this case and the partners' claims are dealt with under the next heading. If it is proved that A pays life insurance premiums £100, and if he is not entitled to an earned rate, that B pays life insurance premiums £20, and is entitled to

FIRMS—HOW ASSESSED—(contd.)

be assessed at the rate of $10\frac{1}{2}$ d., that C is not insured but is entitled to be assessed at the rate of $10\frac{1}{2}$ d., the assessment will be as follows—

To be charged at 1s. 3d. Interest	..	..	..	£100	£100
„ „ „ 1s. 3d.—A, £2,445 less insurance	£100	2,345			
„ „ „ $10\frac{1}{2}$ d.—B, £1,233 less insurance	£20	1,213			
„ „ „ $10\frac{1}{2}$ d.—C	..	..	..	..	1,222
					£4,880
Assessment £5,000, less Insurance £120	..	..	..	£4,880	
To be charged at 1s. 3d.	..	..	..	2,445	
„ „ „ $10\frac{1}{2}$ d.	..	..	..	2,435	
					£4,880

It may be stated that a sleeping-partner's profits may not be assessed at an earned income rate (see under EARNED INCOME); also that tax may be deducted from the loan interest £100 (see under INTEREST). Specimen adjustments of firms' accounts are given in Chapter II, and specimen returns of the firm and its partners are given in Chapter VII. (See also under FIRMS' RETURNS.)

FIRMS' RETURNS.

A firm is served with the large buff-coloured form No. 11 (or 11 A). The assessable profits should be stated in the space headed "*Statement of Untaxed Income for Assessment under Schedule D*" (page 2) and the firm's description or style, with the names and addresses of the partners should be inserted in the space provided on page 4. No claims to allowance for life insurance premiums, for exemption, abatement or relief in respect of earned income, or in respect of children under sixteen, should be made by a firm. Any allowances under these headings should be claimed by the partner concerned on his own form. Where, however, any partner claims exemption, abatement, or to be allowed an earned income rate, the *firm* is required to give certain other information on page 4, viz., whether the partners are acting or sleeping partners, the amount of each partner's share of the assessable profits, the basis of the distribution of the assessable profits between the partners, and the amount of any charges (interest, annuities, etc.) on the *firm's profits*.

FIRMS' RETURNS—(contd.)

It will be of advantage to continue the example given under the preceding heading. It will be seen that the firm's assessable profit (according to average) is £5,000, and that partner A would take £2,445, partner B £1,233, partner C £1,222, and that loan interest £100 is payable. These shares are calculated by reference to the basis of division of the profits *for the year of assessment*. They are, therefore, arrived at by calculating what each partner would take if the profits of the year of assessment were actually to be equal to the amount of the assessment (on average). In the example given the basis of division takes into account the allocation of partners' salaries and interest on capital, as well as the proportional division of the balance of the profits. Form 11 (or 11 A) should be completed as follows—

*Statement of Untaxed Income for Assessment under
Schedule D (page 2)* £5,000

*Declaration by the Precedent Acting Partner in a
Firm (page 4)—*

Full description or style of the firm A.B.C. & Co.
Names and residences of the partners (Give details.)

The information shown above is all that is asked for unless any of the partners claim exemption, abatement or the relief to earned incomes. In this event the following additional information should be given—

*Declaration by the Precedent Acting Partner in a Firm
(page 4)—*

Particulars of annual charges including annuities (State name and
and annual interest, excluding insurance pre- address of re-
miums cipient), £100

Whether each partner is acting or not; each
partner's share of the profits and basis of (As shown below.)
distribution

A, Acting partner—Share £2,445, Basis, Salary £400, Interest £80, one
half of remaining profits.

B, Acting partner—Share £1,233, Basis, Salary £200, Interest £50,
one quarter of remaining profits.

C, Acting partner—Share £1,222, Basis, Salary £200, Interest £40,
one quarter of remaining profits.

It should be noted that the aggregate of the interest (£100) and of the partners' shares (£2,445, £1,233, and £1,222) is £5,000, which is the amount of the return on page 2.

The above information is required to be given by the partner first

FIRMS' RETURNS—(contd.)

named in the deed of partnership or, where there is no deed, by the partner named singly or first named in the usual style of the firm. If the last-mentioned partner is not acting, the precedent acting partner resident in the United Kingdom becomes responsible. Where no such partner is resident in the United Kingdom, the duty devolves upon the firm's agent, manager, or factor resident in the United Kingdom. If the commissioners think fit they may require any partner to make the return hereby required from the precedent partner. (*I.T.A.*, 1842, s. 100, *Schedule D, Cases I and II, Rule 3*.) The signature required is that of the person making the return. He should not sign the firm's name, but should state in what capacity he signs the form in his own name (*e.g.*, as precedent acting partner).

Each partner will also be served with a form. In the space headed "*Statement of Untaxed Income for Assessment under Schedule D*" he should insert particulars of any personal untaxed income not included in the firm's return, or should state "Nil" therein. If he wishes to claim an allowance in respect of children under sixteen or of life insurance premiums, he should complete the proper spaces. The most important space for him is that in which a claim may be made to exemption, abatement, or the relief allowed in respect of earned incomes (page 3). The last mentioned relief must be claimed before 30th September in the year for which the assessment is made. This claim-space must show particulars of his income from all sources. His income as a partner in the firm will be the amount stated against his name in the firm's return (*e.g.*, A, £2,445).

The basis of the firm's assessment is shown under the previous heading. (See also Chapters VI and VII for specimen returns by the firms and claims by the partners.)

FISHERIES.

The profits of a fishery are assessable under *Schedule A, No. III*, on the profits of the year preceding the year of assessment. Such rules of *Schedule D* (trades, professions, etc.) as are not inconsistent with *Schedule A* (*Lord Blackburn in Coltness Iron Co. v. Black*, 1881) are made to apply to fisheries. (*R.A.*, 1866, s. 8.) The

FISHERIES—(contd.)

effect of this is that the assessment is made as on any other trade, save that the average system does not apply.

A tithe on fishing is assessable on the person receiving it. It should be charged under *Schedule A, No. II, Rule 2. (I.T.A., 1842, s. 60)* on the average receipts of the three preceding years.

The profits accruing in respect of angling rights are assessable as in the case of fisheries.

FIXTURES.

The annual value of fixtures which are leased with the property to which they are attached, should be included in the assessment on that property under Schedule A (property tax). This principle has been upheld on several occasions in connection with rating appeals. In *Tyne Boiler Works Co. v. Tynemouth* (1886), Lord Esher laid down the following rule: "Things which are there for the purpose of making and which do make the premises fit as premises for the particular purposes for which they are used, are to be taken into account in ascertaining the rateable value of such premises." Thus, shop-fittings let with business premises, the bar-fittings let with a public-house, and engines let with a factory, are all assessable under Schedule A with the property in which they are fixed. (See under ANNUAL VALUE for a further note on this subject.)

Movable objects included with a lease are not assessable. This was decided in *Campbell v. Inland Revenue* (1879), in which case the Court held that an assessment under Schedule A in respect of stables, etc., should not include the annual value of coaches leased therewith.

FLATS.

Premises which are let to various tenants in tenements or flats are assessable in one sum except where they are so structurally divided that each tenement or flat might be separately owned.

As a general rule tax is assessable on the occupier of the premises concerned, and every person having the use of such premises is declared to be the occupier. (*I.T.A., 1842, s. 63.*) Any house or building let in different apartments or tenements and occupied

FLATS—(contd.)

by two or more persons severally is chargeable as one entire house, and the assessment is made on the landlord. (*I. T. A.*, 1853, s. 36.) A house divided into distinct properties, however, and occupied by distinct owners, or their respective tenants, is chargeable on the occupiers, each in respect of his own portion. (*I. T. A.*, 1842, s. 60.) These are the enactments with regard to property tax. Their effect is as stated in the first paragraph when they are read in the light of certain house duty cases, from one of which a citation will now be made.

In *Yorkshire Fire and Life Insurance Co. v. Clayton*, 1881, the Master of the Rolls stated that "a practice has grown up of putting separate houses one above the other so that they are all superimposed upon the same site or piece of ground. They are commonly called houses built in separate flats or stories; but for all legal purposes and for all ordinary usage purposes they are separate houses. *Each house has a separate door, is separately let, is separately occupied, and has no connection or relation with those above it or below it, except deriving support from the house instead of from the ground below.*" Where premises are so formed and so let as to come within the description contained in the words italicised, a separate assessment may be demanded for each flat. Where there is a common staircase, separate assessments may be made, provided that each flat is shut off by a single door.

The question of separate assessments is important, as a claim to an allowance in respect of empty flats can be allowed only when the whole of the premises which form the subject of an assessment are empty at the same time. When, in the case of tenement property, a house is assessed in one sum, the amount of the assessment will not as a rule be so large as the aggregate of the nominal rents, as it is probable that some rent will be lost without the whole house becoming empty.

Where the landlord supplies common service in the way of lifts, lighting, cleaning, etc., a deduction should be allowed in respect of these expenses, in estimating the assessable annual value. The amount allowed should be distributed over all the flats when they are separately assessed.

Inhabited house duty is assessable in respect of flats under rules

FLATS—(contd.)

similar to those described as being applicable to income tax. The essential consideration regarding separate assessments is that whole premises shall be structurally divided into tenements.

See also under LANDLORD and under TENANT respecting payment of duty by the tenant and the deduction thereof from rent.

FLOODS.

A special allowance may be claimed from assessments on lands in respect of a loss incurred by reason of a flood or tempest. The loss must be sustained on a growing crop or on a stock of lands let to a tenant, or the lands must be rendered incapable of cultivation for any year; also the bona-fide of the claim must be supported by evidence that the owner has made an allowance from the rent in respect of the loss. On due proof of these facts the commissioners are authorised to make a deduction from the assessments under Schedule A (landlord's property tax) and Schedule B (tax on tenant's profits) corresponding to the allowance made from the rent. When the owners (being infants, idiots, etc.) are incapable of consenting to abate the rent, the commissioners may reduce the Schedule B assessment by the amount which they consider would have been abated had the owner been capable of consent. Where the owner is also the occupier the commissioners may make any allowance they consider due. (*I.T.A., 1842, s. 84 and s. 85.*)

FLOTATION OF A COMPANY.

The expenses incurred in the flotation of a company may not be charged against its profits. Such expenses are undoubtedly capital charges. (See under CAPITAL for the law on the subject.) Where, however, it is the business of a company or syndicate to float a further company (so that if a profit were made on the flotation such profit would be included in its assessment), the expenses of the flotation referred to are allowable as a trade expense.

FOREIGN, FOREIGNERS, ETC.

See under FOREIGN CONCERN WITH HEAD OFFICE OR PROPRIETOR IN THE UNITED KINGDOM; FOREIGN CONCERN WITH A BRANCH IN THE UNITED KINGDOM; FOREIGN INCOME; FOREIGN MINISTERS;

FOREIGN, FOREIGNERS, ETC.—(contd.)

FOREIGN PARTNERS ; FOREIGN POSSESSIONS ; FOREIGN SECURITIES ; FOREIGN SHARES AND DEBENTURE HOLDERS ; FOREIGN TAXES ; FOREIGN TRADERS AND AGENTS IN THE UNITED KINGDOM ; FOREIGNERS and NON-RESIDENTS ; also under RESIDENCE.

FOREIGN CONCERN WITH HEAD OFFICE OR PROPRIETOR IN THE UNITED KINGDOM.

What may be commonly known as a foreign concern may be chargeable under either of two "cases" of Schedule D. Case I provides for the assessment of the entire profits of the concern. Case V provides for the assessment of that portion of the profits which are actually remitted to the United Kingdom. When Case I applies, the assessment is made on the average of the total profit, and in this and all other respects the concern is under the same rules as one whose operations are confined to this country. When Case V applies, the assessment is based on the average of the amounts received in the United Kingdom during the past three years, without any deduction whatsoever. (See under FOREIGN POSSESSIONS ; see also under FOREIGN INCOME as to the effect of the Finance Act, 1914.)

The determining factor in the consideration of a particular concern's relation to Case I and Case V is the fact of *residence*. When the person or company "resides" in the United Kingdom the assessment should be made on the entire profits accruing with regard to that residence (Case I). Otherwise the only liability is in respect of profits remitted to the United Kingdom (Case V). There is a difference between a person and a company, however, in this regard. A person may reside in the United Kingdom and yet may have foreign profits which do not accrue in respect of his residence here. Thus, if he is a sleeping partner in a foreign firm, the profits which accrue to him therefrom have no connection with his residence in the United Kingdom, and he is only liable on the amounts received by him in this country (Case V ; but now see under FOREIGN INCOME as regards income left abroad). If he is an acting partner in a foreign firm but has no share in its management except when he is abroad (this must be strictly adhered to) the same rule applies. If he is an acting partner and takes some share

FOREIGN CONCERN WITH HEAD OFFICE OR PROPRIETOR IN THE UNITED KINGDOM—(*contd.*)

in the management, by correspondence or otherwise, while he is in the United Kingdom, he is assessable on his full share of the profits (Case I). These distinctions cannot apply in the case of a company, however. It is shown under RESIDENCE that a company resides where it carries on business, *i.e.*, where its central management is. If it resides in the United Kingdom its entire profit is assessable (Case I).

These notes suffice to explain the effect of residence on the question whether tax is chargeable on the whole profits of a "foreign" concern, or only on so much of the profits as are received in this country. The matter of residence and what constitutes it is dealt with under RESIDENCE, as regards both persons and companies.

A person who resided in Aberdeen owned a business in Canada which was carried on by his local manager. Although, in fact, he did not interfere in the management, he had the right to. It was, therefore, held that he carried on the business in the United Kingdom. (*Ogilvie v. Kitton*, 1908.) No other note is necessary as to what constitutes the carrying on of a business in this country by a *person*.

FOREIGN CONCERN WITH A BRANCH IN THE UNITED KINGDOM.

It has been shown under the preceding heading that a foreign concern is assessable either on its whole profits or on so much of the profits as are remitted to the United Kingdom. In the former case no question arises as regards a branch in this country, as the profits of that branch will be included in the general assessment. Where the company is not assessed on its whole profits, a specific assessment will be made to cover the branch profits. Further, if the company remits to this country certain of its profits for the purpose of paying dividends to British shareholders, tax will be charged on such remittances in the manner shown under FOREIGN INCOME. In this way, however, the company will have paid tax (*a*) on the profits of its English branch, and (*b*) on a proportion of its total profits; but (*b*) includes a proportion of (*a*) and there is a certain double charge. This double charge is rectified on the

FOREIGN CONCERN WITH A BRANCH IN THE UNITED KINGDOM—(contd.)

principles laid down in *Gilbertson v. Fergusson* (1881), as will now be shown.

The acts provide that profits which accrue in the United Kingdom shall be subject to tax, to whomsoever they belong. The English branch profits, which belong to the English and foreign shareholders according to the proportions of their holdings in the company, are therefore assessable in full under Case I of Schedule D. The acts further provide that so much of the foreign profits as are remitted to the shareholders in this country shall be assessed under Case V. The total liability is, therefore, (a) on the English branch profits, and (b) on that portion of the dividends remitted to England which is payable out of the foreign profits. That is to say, the total liability is as follows—

$$\begin{array}{l} \text{English Branch Profits plus } \frac{\text{English Dividends} \times \text{Foreign Profits}}{\text{Total Profits of the Company}} \\ \text{or—} \\ \text{English Branch Profits plus } \frac{\text{English Dividends} \times (\text{Total Profits} \\ \text{minus English Branch Profits})}{\text{Total Profits of the Company}} \end{array}$$

In an example given by a judge in Court, the English shareholders held half the shares, and half the total profits were made in England. The total liability of the company was on three-quarters of its profits, as follows. The English shareholders were liable on half the English profits and on half the foreign profits (*i.e.*, on half the whole profits). The foreign shareholders were liable on their share (one half) of the English profits (*i.e.*, on one quarter of the whole profits). Assuming the total profits to be £10,000, this would be worked out from the formula given above as follows—

$$£5,000 + \frac{£5,000 \times (£10,000 - £5,000)}{£10,000} = £7,500$$

In *Gilbertson v. Fergusson* it was also decided that this basis of assessment holds good even though the English dividends are not remitted, but are paid out of the English branch profits. Such dividends are regarded as being constructively remitted. A further example will illustrate the liability of the English branch in this case. Let the company's combined English and foreign

FOREIGN CONCERN WITH A BRANCH IN THE UNITED KINGDOM—(contd.)

profits be £20,000, and the English branch profits £5,000. If the English shareholders hold one half of the shares and receive £9,000 out of a total dividend of £18,000, the branch will be assessed as follows—

$$\begin{aligned}
 & \text{English Branch Profits plus } \frac{\text{English Dividends} \times (\text{Total Profits} \\
 & \qquad \qquad \qquad \text{minus English Branch Profits})}{\text{Total Profits}} \\
 & = £5,000 + \frac{£9,000 \times (£20,000 - £5,000)}{£20,000} \\
 & = £5,000 + £6,750 = £11,750
 \end{aligned}$$

of which £5,000 will be assessed under Case I and £6,750 under Case V. (In this example both the total profits, £20,000, and the English branch profits, £5,000, are assumed to have been arrived at in the same way. They probably represent the average profits of the three preceding years.)

The assessment under Rule V is usually made by the special commissioners (Somerset House) to whom any application for an adjustment on the basis described should be made.

FOREIGN INCOME.

Until 1914/15 foreign income was not assessable unless it was brought into the United Kingdom, and then only so much of it was assessable as was remitted to persons who are deemed to be resident in this country. (See under RESIDENCE as to this.) From 1914/15 the law is altered, as will be shown later. For all years, however, consideration is required as to what income may be regarded as "foreign" under the income tax acts. For example, a company which trades abroad but whose place of central management is in the United Kingdom, is not a foreign company. In such a case the assessment will be made as on any other British concern, and the shareholder (whether British or foreign) may not draw any distinction between his company and a company whose operations are confined within the British Isles. If any shareholder is in doubt as to the application of this rule in his own case, he should ask information of his company, which is bound to have looked into the matter for purposes of its own assessment.

FOREIGN INCOME—(*contd.*)

Foreign income which reaches any person resident in the United Kingdom who is not exempt, should be included on that person's return so that he may be assessed therefor. The fact that he may not have received a form does not relieve him from the duty of making a return. (A penalty may be imposed in any case of neglect.)

For all years up to and including 1913/14 his return need include only such sums as are received by him in this country. Income which accrues abroad and is left there is not liable to assessment for such years. For years prior to 1914/15, therefore, income from foreign securities is assessable on the amount received during the year for which the assessment is made; and income from foreign possessions on the average of the amounts received during the three years preceding the year for which the assessment is made. (See under **FOREIGN POSSESSIONS** and **FOREIGN SECURITIES** for what these terms include, etc.)

Under the rules in force for the year 1913/14 and previous years, certain questions have arisen with regard to companies to whom profit accrues from foreign possessions or securities. When such profit accrues in the course of their trading they are assessable therefor, whether it is brought to this country or not. It has been held that if such profit is brought to this country the revenue authorities have the option of assessing it with the company's other profits (under Case I) or by itself (under Case IV or V). (*Scottish Mortgage Co. of New Mexico v. McKelvie*, 1886.) A more important question relates to what the words "received in the United Kingdom" includes. A theory of "constructive remittance" has been argued with varying fortunes. A company lent money in Australia and left the interest abroad for reinvestment or to meet local administrative expenses. At the same time it included such interest in its accounts at home. It was held (in a Scotch court) that the interest may not be regarded as received in this country merely because of the book-keeping entry. (*Forbes v. Scottish Provident Institution*, 1895.) A life insurance company left certain interest in India to meet its liability there (such as obligations under policies). It was held, in the Queen's Bench Division, that the company treated the interest in its books as if it were received here, and included it with the English profits; also that if it were not

FOREIGN INCOME—(contd.)

retained in India an equal sum must have been sent there to meet the local liabilities. The interest was, therefore, "constructively remitted" to this country. (*Universal Life Assurance Co. v. Bishop*, 1899.) Then came the judgment of the House of Lords in *Gresham Life Assurance Society v. Bishop*, 1902. This society received interest abroad, but left it there sometimes for the upkeep of the branches and sometimes for investment abroad. Although it was shown as a profit in the English accounts, it was held that it was not subject to tax. The *Lord Chancellor* threw grave doubts on the whole theory of constructive remittance, remarking that "I do not think that any amount of book-keeping or treatment of these assets will be equivalent to, or the same thing as, receiving the amount in this country." No other case has since been decided on this point, but the companies concerned have been hit in another way. In *Liverpool and London and Globe Insurance Co. v. Bennett* (*House of Lords*), 1913, an insurance company had three classes of investments abroad, (a) investments necessarily made to comply with the law of the country concerned, (b) investments made in order that the company might legally effect insurance of a certain amount, and (c) investments made voluntarily in each country in order to put the moneys of the company to a profitable use. It was held that the income accruing from investments of all three classes should be regarded as part of the profits or gains of the company's business, and should, therefore, be included in the assessment on the company under Case I of Schedule D, whether they were received in this country or not.

Remittances of capital are not assessable, but it is for the taxpayer to prove that the remittances do not represent income. A company received interest on capital invested abroad, and left it abroad for investment. Subsequently the foreign branch remitted to the United Kingdom a certain sum which corresponded to the amount of the capital lent abroad and since repaid by the borrowers. An assessment was made in respect of the sum remitted and was sustained on appeal. The *Lord Chancellor* stated that it was a question of fact. "Here is a large amount which to my mind must include, and obviously does include, a large amount of profits. It is for the company to show, if the fact be so . . . a

FOREIGN INCOME—(contd.)

good deal of it is repayment of capital. No attempt has been made to do that. (*Scottish Provident Institution v. Allan*, 1901.)

In *Drummond v. Collins* (1914), the trustees of a deceased person remitted from abroad such sums as they considered necessary for the maintenance of certain children resident in the United Kingdom. It was contended that such remittances were merely voluntary payments made according to the discretion of the trustees, but the Court held that sums received here were assessable under Case V of Schedule D, as foreign possessions.

Sums received in this country are assessable in full, without deductions for the cost of distributing them to the owners (*Aikin v. MacDonald's Trustees*, 1894), or for any other similar expense. All expenses incurred and paid abroad are, of course, deducted before the income is received in this country.

The *Finance Act*, 1914, s. 5, at once extends and simplifies the law for 1914-15. Income tax is chargeable on all residents in the United Kingdom (except a person not domiciled in this country or not ordinarily resident here) on the full amount of their income from *foreign securities, stocks, shares and rents*, less the amount of any charges thereon payable to a person resident abroad. This enactment does not extend to income which became due or was paid before 6th April, 1914. If a person is aggrieved by the decision of the Board of Inland Revenue with regard to his liability he may appeal as is stated under HIGH COURT APPEALS. The note under RESIDENCE sets forth the circumstances which constitute residence in the United Kingdom. All foreign income except that mentioned above is chargeable under the rules stated for years prior to 1914/15.

It has been stated that a person receiving foreign income without British income tax having been deducted therefrom, is liable to assessment in respect thereof. In most cases, however, tax is deducted by the person in the United Kingdom to whom the income is sent for distribution in this country. Every person to whom such income is entrusted for payment to the persons entitled thereto is required to deliver to the Board of Inland Revenue a written statement containing (a) the name and address of such persons, and

FOREIGN INCOME—(contd.)

(b) particulars of the income so entrusted to them and of the amounts payable to them. This information is required to be given within one calendar month of a general notice in the *London Gazette*. It is usual to obtain forms from, and to arrange for the making of periodical returns with, the special commissioners of income tax. (*I.T.A.*, 1842, s. 96; *I.T. (F.D.) A.*, 1842, s. 2; *I.T.A.*, 1853, s. 10, etc.) The expression "person entrusted with payment" includes (a) any banker or person acting as a banker who sells or otherwise realises coupons, etc., for bills of exchange, (b) any person who by means of coupons (including warrants for bills of exchange, etc.) obtains payment of dividends elsewhere than in the United Kingdom, and (c) any dealer in coupons purchasing coupons for any dividends not payable in the United Kingdom only, otherwise than from a banker or another dealer.

Persons entrusted with foreign income are also required to deduct tax therefrom at the current rate and to hand it over to the Revenue. They are entitled to a poundage of 3d., which will be paid by the Board of Inland Revenue. (*C. & I.R.A.*, 1885, s. 26.)

When tax is so levied on foreign income belonging to a person who is not resident in the United Kingdom, such person may claim repayment as is stated under NON-RESIDENTS. (See under DEDUCTION OF TAX as regards payments made before the passage of the Annual Finance Act.)

Interest, dividends, annuities, etc., which arise out of any foreign public revenue are assessable under Schedule C, but duty is collected as shown above.

FOREIGN MINISTERS.

An accredited minister from any foreign state is allowed exemption under Schedule C, *i.e.*, on interest and dividends arising out of any public revenue. (*I.T.A.*, 1842, s. 88.) A house rented for and occupied by such minister is charged to property tax in the name of the landlord or person immediately entitled to the rent, who is required to pay the duty. (*I.T.A.*, 1842, s. 60, *Schedule A, No. IV., Rule 7.*) No exemption is accorded to a foreign minister in respect of any trade or professional fees which accrue to him otherwise than in his capacity as minister. His

FOREIGN MINISTERS—(*contd.*)

remuneration as minister is not assessable, neither is that of his subordinate officials.

FOREIGN PARTNERS.

A foreign partner in a firm which trades within the United Kingdom is assessable to income tax as though he were resident here. (Any person, whether a British subject or not, although not resident within the United Kingdom, is liable in respect of the income from any property in this country, and in respect of the profits of any profession, trade, etc., exercised here. *I.T.A.*, 1853, s. 2.) When all the acting partners of a firm are resident abroad, the usual returns are required to be made by the agent, manager, or factor resident in the United Kingdom.

Where the firm's business is not entirely conducted from and confined to the United Kingdom, it is evident that all the profits do not arise from a trade exercised within this country. For example, if a shipping firm has a fleet trading from London and a coasting fleet trading from San Francisco, and if, of its two partners, one resides in London and the other in San Francisco, the American profits cannot be said to accrue in the United Kingdom. But the two fleets are attached to the one concern, and it is quite possible that the London partner owns a preponderating share in both fleets. The London partner is liable (a) on his share of the London profits, and (b) on his share of the American profits. The American partner is liable (c) on his share of the London profits. The principle on which this calculation is made was cited with approval by a judge in *Gilbertson v. Fergusson* (1881).

The Finance Act, 1914, s. 10, however, provides for the assessment of a partnership *whose control and management is abroad*. Such partnership is deemed to reside abroad even although some of the partners reside in this country. If any of the trading operations take place here the assessment is to be confined to the profits arising thereon. The partners residing here may be held responsible for the tax charged. They may, of course, be charged in respect of any of the foreign profits which they receive here. The words italicised must be noted.

FOREIGN PARTNERS—(contd.)

A partner who is not resident in the United Kingdom may not claim exemption, abatement, the relief allowed to earned incomes or allowances in respect of life insurance premiums, or children under 16 years of age. (*F. (1909-10) A.*, 1910, s. 71.) (See under RESIDENCE and under NON-RESIDENTS.)

FOREIGN POSSESSIONS.

The term "foreign possessions" is referred to by Income Tax Acts in two connections. It may mean "all that is possessed out of the United Kingdom." (*Lord Herschell in Colquhoun v. Brooks*, 1889), or it may refer to one of the two branches of foreign income ("foreign securities" is the other branch.)

It has the broad meaning in the enactment which exempts from tax the profits or gains from foreign possessions of a person who is not resident in this country. (See under RESIDENCE as to the circumstances in which a person is deemed to reside here.) In this section (*I.T.A.*, 1842, s. 39) the words "foreign possessions" include a trade wholly carried on abroad.

Whenever the question is the basis on which certain foreign income shall be charged the word "possession" must be set against the word "security." All foreign income which does not arise from a foreign security is included in the term under notice. (See under FOREIGN INCOME and FOREIGN SECURITY as to the meaning of these terms.) This term includes shares in a foreign company, whether ordinary or preference, a share in a foreign business where the person owning it is a sleeping partner only (*Colquhoun v. Brooks*, 1889), and foreign property.

For all years up to and including 1913/14, the basis of assessment is provided by the rules of Case V, Schedule D (*I.T.A.*, 1842, s. 100). Duty is charged on the full amount of the actual sums annually received in the United Kingdom, on an average of the sums received within the three years preceding the year for which the assessment is made. For the year during which the income begins to be received, the assessment should be made on the actual sum received. For the first whole year in which the income is received the assessment should be made on the amount received in that year; for the second year, on the same amount as the

FOREIGN POSSESSIONS—(contd.)

first; for the third year, on the average sums received during the first and second years; for subsequent years on the full average of three years.

Since 1913/14 income accruing to residents in the United Kingdom from foreign securities, stocks, shares and rents is assessable to income tax even though it is not received in this country. (See under FOREIGN INCOME.)

See under FOREIGN INCOME as regards the method of assessment and other general rules. It may be repeated here, however, that no deductions are allowed from the sums received in respect of the cost of distributing such sums or for any other similar cause.

FOREIGN SECURITIES.

The term "foreign securities" includes a particular class of foreign income. Within the term fall debentures in foreign companies, mortgages on foreign property, and money lent on security. (Foreign shares, etc., are foreign possessions; see under the previous heading.)

For years up to and including 1913/14, profits which accrue from foreign securities are assessable on the amount received in the United Kingdom during the year for which the assessment is made. (*I.T.A.*, 1842, s. 100, *Schedule D, Case IV.*)

Since 1913/14 income accruing to residents in the United Kingdom from foreign securities, stocks, shares and rents is assessable to income tax even though it is not received in this country. (See under FOREIGN INCOME.)

See under FOREIGN INCOME as regards the method of assessment and other general rules. It may be repeated here, however, that no deductions are allowed from the sums received in respect of the cost of distributing those sums or for any other cause.

FOREIGN SHAREHOLDERS AND DEBENTURE HOLDERS.

A foreign shareholder in a company which carries on its business in the United Kingdom, is liable to income tax as if he were a resident in this country. If the company's operations happen to be conducted out of the United Kingdom he is still liable. The whole question of liability is determined with reference to the company

FOREIGN SHAREHOLDERS & DEBENTURE HOLDERS (*contd.*) and not to the shareholder. If the company is held to be managed in this country all its shareholders are necessarily regarded as trading here, and are assessable on their profits. (See under **RESIDENCE** as regards the liability of a company which trades abroad.)

The same rule applies to a foreign resident who holds the debentures of a British company. Where the interest is payable abroad the company must, of course, prove its title to deduct tax therefrom, by right of the terms of the issue of the debentures or of the law of the country in which the payments are made. In any case the company will be required to account to the Revenue for tax on the debentures. If it is unable to deduct tax it must make good the loss. This requirement was enforced in a case where the debenture holders resided in Egypt, where also the company's property was situated. (*Alexandria Water Co. v. Musgrave*, 1883.) In *Delage v. Nugget Polish Co.* (1905) also, the English company was authorised to deduct tax from a percentage of receipts payable to persons residing abroad in return for the rights of manufacture.

Where the company is not deemed to carry on its business in the United Kingdom, but certain of its dividends belonging to a foreign resident are paid to him through a person in the United Kingdom who is required to deduct tax therefrom (see under **FOREIGN INCOME**), the foreign shareholder may claim repayment of such tax within six months of the end of the financial year for which tax was paid. (*F.* (1909-10), *A*, s. 71.)

No claim to repayment may be made by a non-resident except in the circumstances stated in the preceding paragraph, and in a few other cases stated under **NON-RESIDENTS**.

FOREIGN TAXES.

Foreign taxes charged on profits which are subsequently charged to income tax in the United Kingdom, may be deducted from the amount of such profits for the purposes of the assessment to income tax. (*Stevens v. Durban-Roodepoort Gold Mining Co., Ltd.*, 1909.)

The fact that foreign tax or any other duty has been charged on certain profits, does not exempt them from assessment to income tax in the United Kingdom. This note applies also to colonial taxes and charges.

FOREIGN TRADERS AND AGENTS IN THE UNITED KINGDOM.

There is a widespread system whereby a foreign trader engages an agent to sell his goods in this country. German lace, French wines, and, though possibly to a decreasing extent, American boots are conspicuous examples of the case in point. The agent is paid sometimes by a salary, but more often by a commission based on the amount of business he can obtain. At times he works at his principal's risk, at other times he guarantees that payment will be forthcoming from all customers introduced by him. As a rule he has samples of the goods he wishes to sell, but occasionally he has a considerable stock in his keeping. In all these varied circumstances one thing is clear. The agent must pay tax on any profit he himself makes in this way. But a further point arises. Is the foreign trader liable to be taxed for *his* profits? In many cases he is, even though he may never have set foot in this country. The highest rate of tax is applicable to such an assessment, and the duty amounts, therefore, to nearly seven per cent. of the profits assessed. The principles on which the question of liability must be decided will now be stated and explained.

Any person, whether a British subject or not, and whether resident in this country or not, is liable to be assessed for profits accruing to him from property situated here or from a trade exercised here. (*I.T.A.*, 1853, s. 2.) Any foreign trader who exercises a trade in this country is liable to assessment, and this extends to a trader who exercises a trade here *through an agent*. It does not necessarily follow that, because goods are sold through an agent, the owner of the goods trades through that agent. He may use that agent for the purposes of obtaining orders and may do all the *trading* himself after the orders are forwarded to him. This is the point to be determined therefore. What constitutes trading in this country, and what are the determining circumstances?

"It cannot in my opinion be denied" (said *Lord Davey* in *Grainger v. Gough*, 1896) "that the mere fact of a foreigner selling his goods to English customers, does not constitute an exercise of his trade *within* this country, although he is trading *with* this country. But it was argued that the habitual employment of agents to obtain orders, and transmit them abroad, constitutes the act of

FOREIGN TRADERS AND AGENTS IN THE UNITED KINGDOM—(contd.)

selling to English customers and an exercise of trade in this country. I am unable to accede to that argument. Canvassing for custom is no doubt ancillary to the exercise of trade . . . but he (the foreign merchant) exercises his trade *where he makes his sales, and the profits come home to him.*" In the same case *Lord Watson* laid it down that "no merchant exercises a trade beyond the limits of his own country so long as all *contracts and deliveries* are made within these limits." "The question of *whether money is paid in England or not* is not necessary to be decided in this case." (*Lord Esher* in *Werle v. Colquhoun*, 1888.) "If it is, it is a strong circumstance, but it is not necessary to this fact, that a trade is carried on in England."

The judges have thus set aside the canvassing for orders as irrelevant, and have dissected a trading transaction into three material parts, viz., the making of a contract, the delivery of the goods purchased, and the payment for those goods. When all three take place in this country it cannot be disputed that a trade is exercised here. It will be necessary to consider the effect when some, but not all, of them take place in this country. Before doing that, however, it may be well to answer three questions. In what circumstances is a contract to be regarded as having been made in this country? In what circumstances may goods be regarded as having been delivered to the purchaser in this country? In what circumstances may payment be regarded as having been made in this country?

First, as to the place where the contract is made. *Lord Watson* declared in *Grainger v. Gough* that "unless something is done by the receiver of the order amounting to acceptance there is no contract." There are, therefore, two parts to a contract. One party offers to buy a certain quantity on certain terms and the other party accepts that offer. The contract is made when the offer is accepted and the parties are, therefore, bound to each other.

The *place of the contract* is, therefore, the location of the person who accepts the offer at the time when he does so. In transactions such as are being discussed, a most important factor, therefore, is whether the agent in the United Kingdom has the power to and does

FOREIGN TRADERS AND AGENTS IN THE UNITED KINGDOM—(contd.)

in fact accept the offer to purchase the quantity named by the customer on the terms stated. If so, the contract is made in this country. If the agent has to refer the orders to the foreign principal for acceptance or rejection, the contract is made abroad. In the converse case, where the foreign trader makes a standing offer of a contract and the English resident accepts the offer, and by so doing binds himself and the foreign trader, the contract is obviously made in this country. This rarely occurs, however, as the last word is naturally with the trader who is to supply the goods or perform the service to be contracted for.

Secondly, as to the place where the goods are delivered. In a colloquial sense, delivery must always be made on the premises of the purchaser. But this is not so in law. Delivery occurs when the seller loses all right in the goods and the place of delivery is consequently the location of the goods when this occurs. This matter may be determined by enquiring who would stand to lose if the goods were lost or damaged. If an American firm ships goods at New York at the purchaser's risk, they are obviously the purchaser's goods from the moment they are shipped. In this case delivery takes place in America. If the goods are shipped at the seller's risk until they reach this country, delivery takes place in the United Kingdom. Occasionally the foreign trader sends the goods to the agents who transmit them to the purchaser. In this case also, delivery takes place in this country. In *Crookston Bros. v. Furtado* (1910) delivery was held to take place abroad in circumstances described by a judge as follows:—"The phosphates are shipped by the company from Algeria in vessels chartered for the company on the instructions of the Appellants, and bills of lading are granted by the masters in favour of the company as shippers deliverable unto order or their assigns. These bills of lading reach Glasgow at least a week before the arrival of the goods and are at once endorsed by the Appellants to the purchasers and handed over to them in exchange for three-fourths of the price in the invoice. . . . It is plain that the bills of lading were always delivered to the English purchasers while the vessels conveying them were still at sea. The legal property in the goods

FOREIGN TRADERS AND AGENTS IN THE UNITED KINGDOM—(contd.)

accordingly passed to the purchaser when he received the bills of lading."

Thirdly, as to the place of payment. This matter is not quite so straightforward, because there is so often a divergence between theory and practice. Thus, the foreign trader's invoice frequently bears the instruction "Payment to be made to me at Berlin" (for example). If, however, payment is made to the agent it is obvious that he will not return the money, but will forward it to his principal. The latter will issue the receipt, however, in which case payment may fairly be held to have been made abroad. Where the agent is permitted to accept payment and to issue a receipt, payment is deemed to be made in this country.

We turn now to consider what is the position when some, but not all, of these three essential parts of a contract take place in this country. A dictum respecting the place of payment has already been quoted. Payment within this country is "a strong circumstance, but it is not necessary to this fact, that a trade is carried on in England." The precise weight which this circumstance carries with it cannot be measured. In any case of controversy the decision will be come to on the other parts of the contract, with a reference to the place of payment, when there is strong doubt regarding those other parts. It might almost be said that the place of payment has no weight in practice, save to confirm an opinion which has already been formed on other facts. Where the decision come to on the other facts is at variance with the circumstances of payment, the latter circumstances would no doubt be ignored. This is borne out by *Lord Watson's* dictum in *Grainger v. Gough*, 1896. "When a trade is carried on in a foreign country, and British customers not only purchase but take delivery there, I do not think that the employment of an English agent to collect and remit the debts due to him by these purchasers can be regarded as an exercise of his trade in this country by the foreign merchant."

The place of contract is a far more important circumstance. "Whenever profitable contracts are habitually made in England by or for a foreigner with persons in England, because those persons are in England, to do something for or supply something to those

FOREIGN TRADERS AND AGENTS IN THE UNITED KINGDOM—(contd.)

persons, such persons are exercising a profitable trade in England, even though everything done by them in order to fulfil their part of the contract is done abroad.” (*Brett, L. J.*, in *Erichsen v. Last* 1881.) This dictum was approved in the House of Lords, the final Court of Appeal (*Grainger v. Gough*, 1896), and it may, therefore, be considered indisputable that the mere fact that contracts are made in this country is alone sufficient evidence that the foreign trader exercises a trade here.

The place of delivery is equally important. “Even if the contract had been made in New York, a man, when he delivers goods in this country, exercises a trade and carries on a business. (*Wills, J.*, in *Turner, Ltd. v. Rickman*, 1898.) This principle has never been so much in evidence as that with regard to the place of contract, but it has not been controverted in a higher court, and in the House of Lords great stress has been laid on the place of delivery, although the case before the House (*Grainger v. Gough*, 1896) had no need to be decided on that point only.

The law respecting the places of contract and delivery has been summed up by Lord Watson in the dictum already quoted. “No merchant exercises a trade beyond the limits of his own country so long as *all contracts and deliveries* are made within these limits.” When either contract or delivery is made by a foreign trader in a country other than his own, the decisions referred to require it to be regarded that the trader exercises his trade in that country. Mention must be made of a case decided in the Scotch Court in 1910. (*Crookston Bros. v. Furtado*.) In this case it was held (by a majority) that both contract and delivery must take place in this country before a foreign trader can be said to exercise a trade here. In 1912 the same Court had before them a case (*Macpherson v. Moore*) in which both contract and delivery were made in the United Kingdom. The foreign trader was held to carry on a trade here. There is little probability that an English Court would repeat the decision in the *Crookston* case, if only for the fact that previous decisions bind the judges in a contrary direction. But, as stated by a judge in the *Macpherson* case, the Revenue could not hope to succeed against *Crookston Bros.* inasmuch as they

FOREIGN TRADERS AND AGENTS IN THE UNITED KINGDOM—(contd.)

were not "agents in receipt of the profits" of their foreign principals.

When a foreign firm buys goods in the United Kingdom and sells them abroad there is no liability to income tax. (*Sulley v. Attorney-General*, 1860.)

There yet remains the question as to how tax is to be collected from a foreign trader. If he comes to the United Kingdom occasionally or has effects here, the assessment may be made on him direct. (*Tischler v. Apthorpe*, 1885.) In certain cases the assessment may be made upon the agent, who is then required to pay the duty, and is authorised to deduct it from any moneys of his principal held by him. The agent may only be assessed, however, when he has "the receipt of any profits or gains" belonging to the foreign trader. (*Grainger v. Gough*, 1896.) Perhaps this is the most important point concerning the assessment of the profits of a foreign trader, for unless the agent has the receipt of such profits the liability of his principal becomes a dead letter through sheer inability to collect the duty. The effect of this provision (*I. T. A.*, 1842, s. 41) is that at least some of the payments for goods sold must be made to the agent if an assessment on the principal is to be maintained.

When a foreign merchant is held to carry on a trade in this country the whole of the profits which accrue on the articles sold here are assessable. He is in exactly the same position as a resident in the United Kingdom who buys or manufactures or imports goods for sale. No deduction may be made in respect of interest on capital, charges for personal management, depreciation of capital, or other expense which would not be admitted in the case of a British merchant.

FOREIGNERS.

Nationality is not a material factor in the consideration of liability to income tax. The essential fact is that of residence. A foreigner who is resident in the United Kingdom is assessable under precisely the same rules as a British subject, except, since 1914/15, as regards FOREIGN INCOME (which see). A foreigner who is not resident

FOREIGNERS—(contd.)

but whose income arises in this country, is also assessable exactly as a British subject would be in similar circumstances.

The liability of a foreigner is dealt with generally under RESIDENCE, but a brief statement of the law will be made here. First, a foreigner who is in this country is assessable on all he earns here. If he is resident here within the meaning of the acts (as defined under RESIDENCE) he is also assessable on whatever foreign income he receives in this country. (See under FOREIGN INCOME for the rules of assessment.) If he is not deemed to be a resident in the United Kingdom he is not assessable on any *foreign* income received here. Secondly, a foreigner who is abroad is assessable on the full amount of all profits which arise in this country, whether from shares in a company which is deemed to be resident here, from a trade or profession carried on here or from property. He may be assessed in the name of the agent who has the receipt of the profits, and the latter is authorised to deduct any tax so paid from the profits of his principal.

A claim to exemption, abatement or an earned income rate or in respect of life insurance premiums or children may not be made by a non-resident. Thus, a foreigner who is in this country, but is not a resident, escapes taxation on foreign income remitted here, but is not entitled to make a claim to any of the allowances referred to as against any income arising here and therefore assessed. (See under NON-RESIDENTS for the rules in detail and for a few exceptions.)

FORESTERS, ANCIENT ORDER OF.

No deduction may be made from an income tax assessment in respect of a payment made to this Order, unless the payment represents a life insurance premium and nothing else, and the particular branch to which it is made is so constituted as to be regarded as a life insurance society.

FREIGHT CHARGES.

Freight charges are allowable as business expenses when they are incurred in the course of trading. Charges in respect of the transport of the owner's machinery, or other portions of his assets, may not be deducted from the profits. Thus, a plantation company

FREIGHT CHARGES—(contd.)

which ships new machinery to its estates, must regard the freight charges as a part of the cost of the machinery.

FRIENDLY SOCIETIES.

A registered friendly society which fulfils certain conditions is allowed exemption from income tax—

- (1) In respect of property owned by itself (Schedule A) ;
- (2) In respect of dividends or interest accruing out of any public revenue (Schedule C) ; and
- (3) In respect of other interest and of all profits charged under Schedule D.

The conditions referred to are that the society shall be restricted by Act of Parliament, or by its rules, from assuring to any person any sum exceeding £300 by way of gross sum or £52 a year by way of annuity. (*F. (1909-10) A., 1910, s. 70.*)

An unregistered friendly society whose income does not exceed £160 is entitled to exemption. (*F. A., 1904, s. 8.*)

FRUIT FARMS.

The profits of a *garden* occupied for the sale of the produce are assessable under Schedule B (as other farms), but according to the rules of Schedule D ; that is to say, such profits are chargeable on the average system as if they accrued from a trade. (*I.T.A., 1842, s. 63, Schedule B, No. VIII.*) It is a question of fact whether any particular ground is a "garden" or not. A farm is assessable on one-third of the rent. (See under FARMERS.)

FURNISHED HOUSES.

The profit arising from letting a furnished house is assessable under Schedule D, Case VI, and may be computed on any fair average approved by the local commissioners. The commissioners usually require the returns of such profits to be based on the amount of the year preceding that for which the assessment is to be made, or else on the profits of the year of assessment as ascertained at the end of that year.

From the gross rent received a deduction may be made in respect of the rent paid and of the agent's charges, also of the cost of service

FURNISHED HOUSES—(contd.)

supplied, of the upkeep of the furniture, of rates and of house duty. It has been held that no deduction may be made in respect of the rent of another house in which the owner lives while his own is being let furnished. (*Wylie v. Eccott*, 1912.)

See also under APARTMENTS ; PAYING GUESTS.

FURNITURE.

The cost of the upkeep of furniture *used in a business or profession* may be charged as an expense for income tax purposes, but no deduction may be made in respect of the supply of new furniture or of additions or improvements to the existing stock. If some old furniture is scrapped, however, and is replaced by other articles, so much of the cost of the new furniture as is equivalent to the cost to the present owner of the old furniture may be allowed as an expense of renewal. Furniture is not “plant or machinery” in respect of which an allowance for depreciation may be claimed.

GARDENS.

A garden which is let and occupied with a house is assessable under Schedule A (property tax) in one sum with that house. This follows from the general rule of Schedule A (*I.T.A.*, 1842, s. 60), under which liability extends to all lands, tenements, hereditaments, or heritages capable of occupation, and which prescribes the rack-rent as the basis of assessment. No distinction is drawn between a house and the land which is let with it.

The law is rather different as regards liability under Schedule B (*i.e.*, to tax on occupier's profit). Schedule B extends to all properties chargeable under Schedule A *except* (among other things) a dwelling-house and the domestic offices thereunto belonging. (*I.T.A.*, 1842, s. 63.) A question arises, therefore, as to whether a garden is included in this exception. This may be answered by a reference to the house duty laws under which all gardens and pleasure grounds (up to one acre in extent) belonging to and occupied with a dwelling-house are regarded as offices of the house and are included in the assessment thereon. (*H.T.A.*, 1808, *Schedule B, Rule 2.*) The Schedule B assessment will be made, therefore, only on so much of the garden as is outside the first acre. House

GARDENS—(contd.)

duty will be charged on the annual value of the house, together with one acre of the garden.

A practical illustration may be given. A house and four acres of garden are let for £60, the house alone being worth £40 per annum. The assessments will be as follows—

Schedule A—House and four acres	..	..	..	..	£60
Schedule B—Three acres, £15 (charged on $\frac{1}{3}$ rd; see under	..	..	..	..	
LANDS)	..	..	..	..	5
House Duty—House £40, one acre £5	..	..	..	..	45

An allowance in respect of the cost of repairs is made from the Schedule A assessment. In ordinary circumstances this is based on one-sixth of the value of the house (including the first acre of garden), and one-eighth of the garden in excess of one acre, *i.e.*,

$\frac{1}{6}$ of £45 plus $\frac{1}{8}$ of £15 equals £9 7s. 6d. ;

leaving £50 12s. 6d. as the nett assessment under Schedule A. (See under REPAIRS for the rules in detail.)

When the house and garden are let with a farm the assessment may be different, as is shown under LANDS. (See also under MARKET GARDENS.)

GAS WORKS.

The profits arising from gas works are assessed on the amount thereof during the year preceding the year for which the assessment is made. (*I.T.A.*, 1842, s. 60, *Schedule A*, No. *III*.) A note may be made regarding the assessment of a municipal corporation or other local authority, which supplies gas over its district. Such a corporation is assessable in full on its profits just as a trading company would be. No deduction may be made for sinking fund payments or other allocation of the profits, even though required to be made under an Act of Parliament. (*In re Glasgow Corporation Gas Commissioners*, 1876.) Further, the expense of public lighting must be kept quite separate from the receipts and expenses relating to the sale of gas. The former may in no case be allowed as a deduction from the profits of the latter. (*Dillon v. Corporation of Haverfordwest*, 1891.) The revenue account must be adjusted as will now be shown.

GAS WORKS—(contd.)

REVENUE ACCOUNT OF THE X CORPORATION
GASWORKS

		£			£
Jan. 1	In Gasometers, 2,000,000 c. ft. at 2s. per thousand	200	Dec. 31	Sold during year— 150,000,000 c. ft. at 3s. per thou- sand	22,500
Dec. 31	Cost of manufac- ture, manage- ment and distri- bution	20,000	"	Supplied to Corpo- ration services, 2,000,000 c. ft. at 2s. 6d. per thou- sand	250
	Balance being profit	2,850	"	Supplied to Corpo- ration services without charge 500,000 c. ft. ..	—
			"	In Gasometers, 3,000,000 c. ft. at 2s. per thousand	300
		<u>£23,050</u>			<u>£23,050</u>

INCOME TAX ADJUSTMENT

	<i>C. ft. in Thousands.</i>
Gas sold during the year	150,000
Gas supplied for Corporation Services	2,500
Increased stock during the year	1,000
Manufactured during the year	<u>153,500</u>
Cost of manufacture	<u>£20,000</u>
Cost applicable to Corporation services— $\frac{£20,000 \times 2,500}{153,500}$ equals <u>£325</u>	
Profit, as in account	£2,850
Deduct receipt from Corporation services	250
	<u>2,600</u>
Add cost of Corporation services	325
Profit for income tax purposes	<u>£2,925</u>

The allowance for the depreciation of plant and machinery used in the concern is a matter for arrangement between the Corporation or company and the revenue authorities, subject to the decision of the local income tax commissioners. (See under DEPRECIATION for the legal provisions on the subject.)

GAS WORKS—(contd.)

The profits of gasworks are charged under Schedule A, No. III, but the rules of Schedule D apply so far as they are not inconsistent with No. III. (*R.A.*, 1866, s. 8.)

GIFTS.

A gift is not assessable on the recipient, neither may the donor claim any allowance therefor against his income tax assessment. Where, however, the payment is made by an employer to an employee, it is in most cases assessable on the latter, and the former may charge it in his accounts. The rule is explained under **BONUSES**.

Income which arises from the investment of a gift is assessable in the ordinary way.

The notes made under this heading as regards the assessment of a gift refer also to its inclusion on a claim to exemption or abatement.

See also under **ALLOWANCES**, **CLERGYMEN** and **SUBSCRIPTIONS**.

GLASSHOUSES.

Glasshouses are regarded as *buildings*, and are not included in any reference to land. (*Smith v. Richmond*, 1899.) The practical inference from this decision is that the allowance for repairs must be reckoned as one-sixth and not as one-eighth of their annual value. A glasshouse attached to a house is assessable as part of the house for the purpose of both property tax (Schedule A) and house duty.

GOLF CLUB.

A golf club is assessable under Schedule A (property tax) and also under Schedule B (for the supposed profits of occupation) in respect of any land which it is deemed to occupy. The former charge falls on the landlord, and tax so paid may be deducted from the subsequent payment of rent. The latter charge falls on the occupiers. The club has to bear both charges when it owns the land in question. There is no exemption for sporting clubs.

When the concern is managed by a company whose shareholders receive or may receive a dividend on their shares, that company is assessable under Schedule D in respect of any surplus realised.

GOLF CLUB—(contd.)

In this case all subscriptions are regarded as trade receipts, and even life subscriptions should be included in the profits of the year in which they are received. (The latter rule follows from the decision in *Paisley Cemetery Co. v. Reith*, 1898, referred to under CEMETERIES.) If it should happen, however, that all subscribers are shareholders and all shareholders subscribers, the company is not assessable on any surplus arising from payments made by the shareholder-subscribers, as trading requires two contracting parties, and here the same persons subscribe and receive the subscriptions.

In the case of a club which has no proprietors save the members, and whose surplus, therefore, if any, must be carried forward to the next year, no assessment may be made under Schedule D save in respect of profits arising from non-members. In *Carlisle and Silloth Golf Club v. Smith*, 1913, it was held that the club was assessable in respect of the excess of non-members' subscriptions over the portion of the management expenses attributable to them.

GOOD TEMPLARS.

The note under FORESTERS, ANCIENT ORDER OF, refers also to payments made to any society of *Good Templars*.

GRATUITIES.

A gratuity is a voluntary payment made in respect of services rendered or assumed to be rendered. As such, it is assessable to income tax on the recipient. The fact that the payment is a voluntary one is not material, as has been shown with regard to Easter offerings. (See under CLERGYMEN.)

A trader may charge as an expense in his accounts any gratuities paid in the ordinary course of his trading, *e.g.*, tips to carmen, Christmas gifts to his employees, etc.

See also under SUBSCRIPTIONS.

GRANTS.

As regards payments made to clergymen and ministers, see under CLERGYMEN, ETC. In this and all other cases of grants made to an individual, that individual is assessable therefor if they are made substantially in respect of any office or employment held by him.

GRANTS—(contd.)

A grant made by a person or company may only be charged as an expense in its accounts if it is incurred in the course of trading and for the purpose of earning profits. A grant to a former employee or to the family of a former employee may be charged as an expense similar to the payment of wages.

If a charitable institution which is exempt from income tax makes a grant to an individual in respect of an office or employment held by him or pays an annuity to an individual, that individual is assessable on the amount received notwithstanding that the institution is exempt. If, on the other hand, the grant is made out of income already taxed, the recipient is still liable to assessment on the amount received.

See also under ANNUITIES ; GIFTS ; GRATUITIES ; SUBSCRIPTIONS.

GRAZIER.

A grazier is assessable on his average profits according to the rules of Schedule D. Where, however, he is the legal occupier of any lands he is assessable (*a*) under Schedule B on one-third of the annual value of the lands, and (*b*) under Schedule D, Case III, on any profits made in the preceding year in excess of the amount charged under Schedule B. (*I.T.A.*, 1842, s. 100.) A grazier is deemed to be the occupier of any land rented by him for a full year. Where he uses land under an eleven months' agreement he is not the occupier. In this case the owner or lessor is assessable under both Schedule A and Schedule B, and the grazier is assessable as stated in the opening sentence of this note.

GROUND RENT.

No deduction is made from an assessment on property, in respect of any sum paid away as ground rent. The leaseholder is authorised, however, to deduct a proportionate amount of tax from all such payments, and in this manner he recoups himself. (*I.T.A.*, 1853, s. 40.) Thus, if the nett assessment on his house is £35 and the ground rent payable is £5, he pays tax (through the occupier) on £35, but receives tax on £5 by deducting it from the ground rent.

Tax is deducted at the rate of duty or proportion of several rates of duty in force during the time over which the ground rent

GROUND RENT—(*contd.*)

accrued. (*R. A.*, 1864, s. 15.) For example, the rate in force to 5th April, 1914, was 1s. 2d., and from that day it was increased to 1s. 3d. If the leaseholder paid six months' ground rent up to the end of June, 1914, he was entitled to deduct tax as follows—

1st quarter—	£2 10s.	less tax at	1s. 2d. equals	..	..	s. d.
2nd „	—£2 10s.	„	1s. 3d. „	..	..	3 1
Amount paid, £5 less	..	..	..	..	..	<u>6 2</u>

Deduction is always made at the highest rate, not at an earned income rate.

All contracts and agreements for the payment of ground rent without the deduction of tax are declared to be void. (*I. T. A.*, 1842, s. 104.) Large penalties may be imposed for any refusal to allow the deduction. The acts contain no provision authorising the ground landlord to demand the production of the income tax receipt.

For purposes of determining the scale of abatement which is applicable to any person, the amount of any ground rent paid may be deducted from the gross income. Thus, if the leaseholder referred to above has other income amounting to £368, his income for abatement purposes is £368 plus £35 minus £5, *i.e.*, £398.

HALLS.

A hall is assessable to income tax just as any other building is assessable. Its annual value, that is, the amount for which it is let or worth to be let at rack-rent, is the basis of assessment, and a deduction of one-sixth is made for repairs. When a hall is not permanently leased, but is let for occasional purposes only, the amount that might reasonably be expected to be received from sub-lettings over a whole year, less the expenses of cleaning, warming and lighting, should provide a satisfactory basis of assessment.

See under **RELIGIOUS BODIES** as regards halls used for religious purposes ; see also under **CHARITIES**.

It should be noted that every hall that may lawfully be charged with any other taxes or parish rates, is assessable to house duty. (*H. T. A.*, 1808, *Schedule B*, *Rule 5*.)

HIGH COURT APPEALS.

Appeals against assessments are decided in the first place by the local commissioners of taxes (see under APPEALS) or by the special commissioners. (See under SPECIAL COMMISSIONERS.) When either the person assessed or the surveyor of taxes (as representing the Crown) is dissatisfied with the determination of the commissioners as being erroneous in point of law, he may require the case to be carried before the High Court (Exchequer Division). If either party is dissatisfied with the decision of this court he may appeal to the Court of Appeal and thence to the House of Lords. (*T.M.A.*, 1880, s. 59.) In Scotland the case is taken in the first instance to the Court of Session sitting as a Court of Exchequer. (*T.M.A.*, 1880, s. 10.)

The essential considerations to this right of appeal are (*a*) that it must be from an original appeal, (*b*) that such original appeal may be objected to only on a point of law and not on a question of fact, and (*c*) that the objection must be expressed and a case stated and transmitted as the law requires.

First, the proceedings must have originated in an appeal. No assessment may be quashed except in this manner. It has been held that a Petition of Right does not lie to obtain repayment of tax paid under Schedule A and under Schedule D also. The judge remarked that "they ought to have appealed against the assessment." (*Holborn Viaduct Land Co., Ltd. v. Regina*, 1887.) Further, no case for the High Court may be demanded in respect of any application for repayment of tax on the ground of loss (*Bruce v. Barton*, 1901), or for the adjustment of an assessment on a business which is new or which has ceased. Such applications may conveniently be known as appeals for common purposes, but they are not appeals which may be carried to the High Court.

Secondly, a case may only be stated on a matter of law. The commissioners may not find as a fact what is in reality a matter of law, and so prevent an appeal from their finding. If they refuse to state a case on this ground a mandamus may be applied for, but of course it would remain to be proved that the commissioners were wrong. It is not easy to draw a rigid distinction between matters of law and fact. A judge has remarked that "the proper inferences to be drawn from admitted facts may involve legal considerations."

HIGH COURT APPEALS—(contd.)

(*Lord President in Scottish Provident Institution v. Allan, 1901.*)

The general distinction may be illustrated by an example. In certain circumstances a taxpayer may appeal for the adjustment of an assessment because the profits have fallen short owing to a "specific cause." In the case of a person appealing under the provision referred to and advancing as a "specific cause" of loss, the fact that his business was transferred from one street to another, the law must be construed as follows—

(1) The question whether the business was in fact transferred is one of fact for the local commissioners' determination.

(2) The question whether the profits fell short because of that transfer is likewise one of fact for the determination of the local commissioners.

(3) The question whether the transfer of the business was a "specific cause of loss" within the meaning of the Act is one of law, and an appeal would lie from any determination of the local commissioners on this matter.

There is one qualification to the above statement. The judges have always reserved themselves the right of determining whether there was evidence in support of the commissioners' decision on a point of fact. They do not weigh this evidence, but look to see whether it was there. It must be admitted that under this reservation the Courts often determine what appears to a layman to be a pure matter of fact.

Thirdly, the requirements of the Act must be regarded with respect to the time and manner of raising the objection. Dissatisfaction with the commissioners' determination must be expressed immediately upon the determination of the appeal. This obviously means during the same sitting of the commissioners and before any other business is transacted. Having declared dissatisfaction in this manner, the person aggrieved has twenty-one days within which to consider the matter. If he decides to persist with his objection he must, within that time, give written notice to the clerk to the commissioners requiring the commissioners to sign and state a case for the opinion of the High Court thereon. He must pay twenty shillings to the clerk before being entitled to have the case stated. The case will contain a full recital of the facts and

HIGH COURT APPEALS—(contd.)

determination, and the higher courts will not hear evidence or consider facts not included in the case. It must be transmitted to the High Court within seven days of receiving it, and a copy must previously or at the same time be sent to the other party.

Until the matter is determined by the court, the decision of the commissioners holds good and duty must be paid on that basis. If the court reduces the assessment the excess will be repaid by the Crown with interest if allowed by the High Court ; if the assessment is increased the subject must pay the difference.

It has been held that the expenses necessarily incurred in preparing and settling a draft case (before signature by the commissioners) may properly be allowed, on taxation, to the successful party on the appeal. (*Lord Mayor, etc., of Manchester v. Sugden*, 1903.) It will be seen from this that it is usual for both parties to be given an opportunity of suggesting alterations in the case as originally drafted before it is finally stated and signed by the commissioners.

HIRE PURCHASE.

In *Darngavil Coal Co., Ltd. v. Francis* (1913), a coal company entered into an agreement with a waggon company under which, in return for ten annual payments, the waggon company undertook to supply the coal company with a certain number of waggons, and to keep such waggons in good repair and at their own risk until the end of the ten years, when the coal company should have the option to purchase the waggons at the nominal price of one shilling for each waggon. It was held that the annual payments include a consideration for the use of the waggons and a further consideration for the option to purchase. The former consideration, but not the latter, should be charged in the coal company's accounts as a trade expense.

HOMES, CHARITY.

A charity home may be allowed exemption as an ALMSHOUSE (which see). This term is very wide, but even if a particular home is not within the term, it may yet be able to claim exemption in respect of so much of its income as is "vested in trustees for charitable purposes, so far as it is applied to charitable purposes." The

HOMES, CHARITY—(contd.)

scope and method of claiming this exemption are dealt with under CHARITIES.

HORSES.

A trader's horses are usually regarded as "implements, utensils, or articles employed for the purposes of" his trade. (*I.T.A.*, 1842, s. 100, *Case 1, Rule 3.*) Unless they are so regarded they fall within the description of "capital," and as such no allowance could be made for any expense incurred by their death or replacement. Regarded as articles employed in the business, the cost of their "supply, repair, or alteration" may be charged as a trade expense (with the verbal alterations necessary in applying the provision to living things), but not beyond the sum usually expended for such purposes according to an average of three years preceding the year of assessment. That is to say, in each of the three years' accounts on which the assessment is based (see under AVERAGES) the cost of providing horses for trade purposes may be charged as an expense. This cost must, of course, be limited to the maintenance of the stock of horses at the level of value already reached. Any expense beyond this must, for income tax purposes, be charged to capital. A fair method of making this adjustment is to add to the profit any sum by which the value of the horses has been increased during the year out of profits, or to deduct from the profit any sum by which the value has been decreased. In ascertaining this value no deduction may be made for depreciation, but the fluctuation in value will vary with purchases on the one hand and sales or deaths on the other.

HOSPITALS.

A hospital is exempt from income tax under Schedule A (property tax) in respect of its public buildings, offices, and premises not occupied by any individual officer whose income amounts to £150, or by any person paying rent for his quarters. It is also allowed exemption in respect of any rents belonging to it and vested in trustees for charitable purposes, so far as they are applied to charitable purposes. The former exemption may be allowed by the local general commissioners; the latter, by the special commissioners,

HOSPITALS—(contd.)

who may also issue a certificate authorising repayment. (*I.T.A.*, 1842, s. 61 and s. 62, *Schedule A*, No. VI.)

Two cases have been taken to the Courts with reference to the scope of these provisions, and with special reference to lunatic hospitals, some of whose patients paid for the accommodation and services provided for them. The cases are cited under *ASYLUMS*, and it will be found that, to be exempt, a hospital must have a substantial charitable endowment or be in substance supported by charity. But any surplus realised on paying patients is assessable under *Schedule D* whether exemption is allowed under *Schedule A* or not. (*St. Andrew's Hospital v. Shearsmith*, 1889.)

Exemption may also be claimed as regards house duty, the requirements for this purpose being the same as for a claim to exemption from income tax under *Schedule A*.

✱ HOTELS.

An hotel is assessable to income tax under the rules relating to trades. If the proprietor resides on the premises he may not charge more than two-thirds of the rent as a trade expense (*I.T.A.*, 1842, s. 101), and a similar restriction is made with respect to a deduction for local rates. That portion of the cost of lighting, heating and service which relates to the residence of the proprietor and his family, should be added to the profit for income tax purposes, as should also the cost of any food consumed by the persons. The expenses disallowed under these headings will depend on the facts of each particular case. In other matters the general rules for the adjustment of accounts for income tax purposes, given in Chapter II, may be followed without need of special comment.

The house duty assessment is made on the lower scale (2d., 4d., and 6d. in the £ according as the annual value is between £20 and £40, £40 and £60, or above £60). See also under *STABLES* as to their inclusion in the house duty assessment.

Hotels regarded as licensed premises, are dealt with under *LICENSED PREMISES*.

HUSBAND AND WIFE.

The Income Tax Acts had to do with the husband rather than

HUSBAND AND WIFE—(contd.)

with the wife until 1914. The income of a married woman living with her husband was deemed to be the husband's income, and was chargeable in his name. That is to say, the responsibility for meeting the income tax liability thereon rested with him, as did also the responsibility for making the statutory returns.

Spinsters and widows were and still are chargeable in their own names, likewise a married woman who is separated from her husband. If a woman's husband was absent from the United Kingdom, whether temporarily or not, she was assessable in her own name for any income remitted to her from her own foreign property and as her husband's agent for any income remitted from or through him or from his property. (*I.T.A.*, 1842, s. 45.) That section did not refer to any of *her own* income within the United Kingdom, having been passed into law before the time of the Married Women's Property Acts. But the provision referred to in the preceding paragraph left all married women not living with their husbands to be charged in their own names. No case has been taken to court as to the exact meaning of "living with," and it cannot be stated authoritatively whether the strict view should be taken that a wife "lives with" her husband unless she is legally separated from him. The commissioners will usually decide the matter on the facts without insisting on the necessity for a legal separation.

Under the Finance Act, 1914, s. 9, the rules are as follows. A husband may be chargeable for his own profits and a wife for her own. Either may be required to make returns and to pay the tax charged. To facilitate collection, the Commissioners of Inland Revenue may require returns under penalty, and a husband may (after seven days' notice) be distrained on if his wife neglects to pay duty assessed on her profits. But the provisions stated in this paragraph apply only where application for the purpose is made to the Commissioners of Inland Revenue (by the husband or the wife) within six months before 6th May in the year of assessment.

Although either may claim the allowances formerly claimed by the husband only, the total amount of the allowances remains undisturbed. They are determined (with the single exception stated by law) by the aggregate income of husband and wife. The

HUSBAND AND WIFE—(contd.)

allowances (exemption, abatement, and children's allowance) from earned income must be made according to the proportion of such income earned by the husband and wife respectively. The life insurance allowance is made as against the earned income of the person paying the premium, or proportionately.

The exception referred to a few lines back is as follows. Where—

(a) the joint income as assessed does not exceed £500, and

(b) part of the joint income accrues from any business (including profession, trade, vocation, or employment) carried on by means of the wife's own personal labour, and

(c) the remaining income includes the profits of a business carried on by the husband's own personal labour and unconnected with the business of the wife,

the income referred to under (b) may be regarded separately from the rest of the joint income, and a separate abatement or exemption may be allowed in respect of each of the two portions into which the income is so divided. The following example will illustrate the exception to the general rule now in question.

STATEMENT OF THE INCOME OF HUSBAND
AND WIFE

<i>Husband</i> —Salary as Clerk (average)	£290
Property: nett assessments (£110), less ground rent (£10)	100
<i>Wife</i> —Earnings as Milliner (average)	90
Dividends (£12 received less tax 14s.)	12
<i>Joint Income</i> (being less than £500)	<u>£492</u>

HUSBAND'S CLAIM TO ABATEMENT

<i>From Trade, etc.</i> —Salary as Clerk (average)	£290
<i>From Public Office, etc.</i> —None	—
<i>From Property</i> —(state addresses)	110
<i>From the occupation of land</i> —None	—
<i>From Interest, Dividends, etc.</i> —Dividends taxed before receipt	12
	<u>£412</u>
<i>Charges on Income</i> —Ground Rent	10
Nett income ∴	<u>£402</u>

HUSBAND AND WIFE—(contd.)

WIFE'S CLAIM									
Milliner	..	..	..	..	..	..	..	..	£90
Dividends	..	..	..	..	..	..	..	..	£10
									£100

Exemption will be allowed in respect of £90 (not £100), and the husband will be allowed an abatement of £150 (his income being between £400 and £500) from his salary of £290.

One further qualification must be mentioned. If the husband has any income arising or accruing from the business of his wife, or from any source connected therewith, that income must be regarded as a part of the wife's income. Thus, if the wife referred to above employed the husband to collect her debts and paid him £5 per annum, that £5 is deemed to be part of her income so far as the question of exemption or abatement is concerned. (*F. A.*, 1897, s. 5.)

The law with regard to super-tax is similar to the income tax law stated above. (See Chapter X as to this.)

A woman's income for the year in which she is married is divided into two parts. From the preceding 6th April to the date of marriage her income is regarded as her own, and she may claim any allowance (abatement, exemption, etc.) as if that were her total income for the whole financial year. From the date of marriage to the succeeding 5th April, her income is regarded as her husband's, subject to the rules stated above in respect of the income of a married woman. (See also under *WIDOWS* as to the income of a married woman for the year in which her husband dies.)

HYDROPATHIC INSTITUTIONS.

Such institutions are assessable as hotels and are entitled to be charged on the lower house duty scale (see under *HOTELS*), although they may be conducted under rules drawn up with regard to the medical needs of the patients.

IMPLEMENTS.

A trader may charge in his accounts the expense of supplying, repairing or altering implements, utensils or articles employed for

IMPLEMENTS—(contd.)

the purposes of his trade, but the charge must be limited to "the sum usually expended for such purposes according to an average of three years preceding the year in which such assessment shall be made." (*I. T. A.*, 1842, s. 100, *Schedule D, Rule 1, Case 3.*) The restriction seems to imply no more than that the charge must simply be the amount usually required to maintain the utensils in a satisfactory condition. As the trader's return will be based on his average profits the average expense will naturally be charged.

Implements would appear to include small tools, axes, a printer's type, etc., which may be said to be used *in* the business rather than that the business is carried on *with* them. Even wheelbarrows, a laundry man's hampers, a contractor's carts, and similar articles which are constantly repaired and replaced, would be within the term. The Income Tax Acts strictly refuse the allowance of any expenditure on account of the capital of a business, yet a deduction for the supply of implements is specifically mentioned as allowable. The inference is that the implements referred to are not of a sort which form part of the capital of a business in any real sense. The enactments under which an allowance is made for the wear and tear of plant and machinery distinctly assume that the expense of the renewal, improvement or reinstatement of such plant, etc., is a capital expenditure. (*F. A.*, 1907, s. 26.) Obviously, therefore, implements and utensils are something very different from plant and machinery. They must be articles whose loss by wear and tear is perpetually being made good by new supplies, and the cost of such supplies may be charged as an expense of trading. (See under **DEPRECIATION** as regards plant and machinery.)

IMPROVEMENTS.

Expenditure incurred in the improvement of business premises is specifically mentioned in the acts as one which may not be set against profits for income tax purposes. (*I. T. A.*, 1842, s. 100, *Schedule D, Case 1, Rule 3.*) Without this prohibition, however, the rules of the income tax acts clearly indicate that all improvements must be set against capital. Even alterations (except of utensils, see under the previous heading) are included with improvements in this

IMPROVEMENTS—(contd.)

connection, for it is rarely that a trader alters his premises or fittings except with the idea of improving them in some way or another.

A railway company purchased a section of a line from another company, and expended certain money in improving it. It also substituted heavy rails for lighter ones on the main line. (*Highland Railway Co. v. Balderston*, 1889.) Neither of these expenses was allowed to be set against revenue. The Lord President remarked: "Now that is a material alteration and a very great improvement . . . and so stated is surely a charge against capital." This ruling would extend to all classes of assets.

INCOME.

All income is assessable to income tax (1) if it arises in the United Kingdom, or (2) if it is received in this country by a resident. But "income," under the taxing acts, does not always mean the same as "income" for ordinary purposes. The various questions which arise in this respect are dealt with under appropriate headings, of which the following notes may afford some indication.

Property is charged according to its annual value. (See under PROPERTY.) Interest is chargeable as such. (See under INTEREST.) Profits are assessable if they are profits within the meaning of the acts. (See under PROFITS.) Certain rules have been elaborated as to what constitutes trading. (See under TRADES.) Capital expenses may not be set against income. (See under CAPITAL.) Many deductions which a trader may make are inadmissible for income tax purposes. (See under DEDUCTIONS.) See also under ALLOWANCES and FOREIGN.

INCOME TAX.

Income tax is not regarded as a trade expense, but as a charge personal to the individual to whom the income belongs (*Ashton Gas Co. v. Attorney-General*, 1906). No deduction may be made in a trader's accounts in respect of this charge, and if a company has set income tax against its profits, the amount thereof must be added back in estimating the amount assessable. It is on account of this rule that the income which a person is reckoned to receive

INCOME TAX—(contd.)

from dividends or out of property is the amount received plus income tax. This is explained under **DIVIDENDS**.

Foreign or colonial taxes charged against profits may be set against the amount assessable in the United Kingdom. (*Stevens v. Durban-Roodepoort Gold Mining Co., Ltd.*, 1909.)

INCREASE OF SALARY.

An increase of salary is immaterial to the assessment of the year during which the increase occurs, in all cases where the assessment has been based on the average income of the preceding years. Where the employee has been assessed under Schedule E on the current year's salary, an additional assessment should be made in respect of any increase during the year. (*I.T.A.*, 1853, s. 53.) See under **EMPLOYEES** as to assessment on average or otherwise.

INDEMNITY.

An indemnity received in the course of trade is assessable to income tax, but not an indemnity received on account of the stoppage of trade. Similarly a subscription paid to secure payment of an indemnity in the event of trade being stopped may not be charged against profits. (*Rhymney Iron Co., Ltd. v. Fowler*, 1896.)

If a loss is incurred but is made good under an insurance or contract of indemnity, such loss may not be charged for income tax purposes. (*I.T.A.*, 1842, s. 100, *Schedule D, Case 1, Rule 3*.)

See also under **COMPENSATION** and **DAMAGES**.

INDUSTRIAL AND PROVIDENT SOCIETIES.

A registered industrial and provident society is exempt from income tax under Schedules C and D, unless it sells to persons not members thereof, and the number of its shares is limited by either its rules or its practice. (*Industrial and Provident Societies Act*, 1893, s. 24.)

Schedule C includes dividends and interest arising from any public revenue, whether British or foreign. Schedule D includes all trade profits (including dividends not falling under Schedule C) and interest. A society is liable to tax under Schedule A (for property owned) and Schedule B (for lands occupied). The exemption does not extend to a society's directors or employees.

INFANTS.

See under MINORS.

INHABITED HOUSE DUTY.

This duty is included on the demand note for property tax, and an outline of the law on the subject may be found useful.

(1) The charge is upon inhabited dwelling-houses whose annual value is not less than £20. The term includes a house or building which is slept in at night and a dwelling-house furnished ready for use when required. (See under ANNUAL VALUE.)

(2) For the purpose of assessment a house is reckoned to include a coach-house, stable, wash-house, dairy and other offices occupied therewith and not exceeding one acre of garden. A shop or warehouse attached to a dwelling-house or having communication therewith is also included.

(3) The following premises are exempted: (a) Market gardens and nursery grounds; (b) Warehouses on wharves and other warehouses which are distinct and separate buildings employed solely for lodging goods or carrying on some manufacture; (c) Crown property; (d) Hospitals, charity schools, and almshouses provided for the reception or relief of poor persons; (e) Business premises not having internal communication with any premises liable to house duty.

(4) Rates of duty.

Where the annual value is £20 but does not exceed £40	- 3d. in the £
" " " exceeds £40	" " " £60 - 6d. "
" " " " £60	- 9d. in the £.

A lower scale of charge is provided for certain premises, in respect of which 2d., 4d., and 6d. should be substituted for 3d., 6d., and 9d. respectively in the above statement. The premises in question are dwelling-houses which are also shops, licensed premises, farmhouses, hotels, inns and coffee-houses.

(5) Where a house, so far as it is used as a dwelling-house, is used for the sole purpose of providing separate dwellings, it is required to be charged in one sum, but excluding the annual value of any dwellings below £20, charging dwellings of an annual value between £20 and £40 at 3d., charging dwellings of an annual value

INHABITED HOUSE DUTY—(*contd.*)

between £40 and £60 at 6d., and dwellings of a larger annual value at 9d.

(6) House duty is chargeable on and payable by the occupier. (See also under **FLATS** and **LANDLORDS**.) The general rules of assessment, appeals, collection and distraint are the same for house duty as for income tax.

Specimen assessments will be found in Chapter VIII.

INNER RESERVE FUNDS.

Sums taken from profits and added to inner reserve funds may not be charged against profits for income tax purposes. Similarly sums taken from inner reserve funds to meet a charge which the income tax acts would allow to be made against profits may be set against profits for income tax purposes. The fact that the fund is an inner one is not material. (See under **RESERVES**.)

INNS.

See under **HOTELS** and **LICENSED PREMISES**.

An inn is chargeable to house duty on the lower scale.

INSANE PERSONS.

The trustee, guardian, tutor, curator or committee of any idiot or insane person, having the control and management of the affairs of such person, is chargeable in the same manner and for the same amount as that person would be if he were capable of acting for himself. The trustee, etc., is answerable for making the returns and for paying the duties charged just as he is on his own account. (*I.T.A.*, 1842, s. 41 and s. 42.)

INSCRIBED STOCKS.

Stocks which are inscribed upon the books of the Bank of England are in the same position as other stocks, except that no dividend voucher is issued to the owner, and that the authorities do not call for any document in support of a claim for the return of tax deducted from dividends on such stock. Full particulars of the holding must be given in the space provided on the repayment claim form.

INSPECTION OF PREMISES.

Where no return is made as to the annual value of lands or property assessable under Schedule A, or where a return is made but is not satisfactory, the local commissioners have power to make an order for their assessors or for an inspector or surveyor of taxes, with a person of skill, to view and examine the lands or property, after two days' notice, "at all seasonable times in the day time." (*I. T. A.*, 1842, s. 78.)

For inhabited house duty purposes the officials referred to above have power at all seasonable times to view any dwelling-house. They may pass through any house, yard or premises. (*H. T. A.*, 1803, s. 60.) The surveyor of taxes or the assessor is also required to be admitted at all times in the day time, to enquire and to examine into the uses to which a house has been put when the occupier has made a claim to exemption on the ground that the premises are used for business purposes only. (*H. T. A.*, 1817, s. 2.)

INSURANCE COMMISSIONS.

Insurance commission agents are assessable as employees of their company. (See under EMPLOYEES.) A person who is not an agent but who receives an occasional commission is assessable therefor, but not on commission granted in connection with a policy on his own life. Such commission is in effect a reduction of the premium.

Commissions are usually assessed on the average receipts of the three preceding years.

INSURANCE COMPANIES.

The profits of an insurance company must be estimated according to actuarial valuations, but when these valuations have been made the profits are assessable on a three years' average like any other profit of trade.

Numerous cases have been taken to court as to the proper basis of assessment, and the following are the most important of the decisions arrived at. When a company keeps separate accounts for various branches of its business (*e.g.*, the fire, marine and life branches) the profits are still assessable in one sum on the aggregate or balance of profit of the whole concern. (*Last v. London Assurance*

INSURANCE COMPANIES—(contd.)

Corporation, 1885.) All untaxed interest is assessable as such, even though the company has already borne tax on an amount larger than the balance of its profits. (*Clerical, Medical and General Life Assurance Society v. Carter, 1889*; *Revell v. Edinburgh Life Insurance Company, 1906.*) Where a company was compelled by foreign law to have investments in a country in which it traded, the interest on such investments formed part of the company's profits and should be included in the company's assessment whether it was received in this country or not. (*Norwich Union Fire Insurance Co. v. Magee, 1896.*) This rule is extended to the interest on investments not made under compulsion but by choice. (*Liverpool and London and Globe Insurance Co. v. Bennett, 1914.*) Annuities paid by a company under contract are not paid out of the profits of the company, that is to say, they are paid as a trade expense and must be charged as such before the balance of profit can be arrived at. The company is still required, however (*C. & I.R. A., 1888, s. 23*), to deduct tax from such annuities and to pay it to the revenue. (*Gresham Life Assurance Society v. Styles, 1892.*) A mutual insurance company which issues participating policies is not assessable if the members (or shareholders) of the company are identical with the holders of the policies. If there are two distinct bodies the surplus should be assessed. (*Styles v. New York Life Insurance Co., 1889*; *Equitable Life Assurance Society v. Bishop, 1900.*) In assessing a life insurance company, regard must be paid to the risks which are covered by the premiums received but which are still unexpired. (*Last v. London Assurance Corporation, 1885.*) A similar allowance must be made in the case of a fire insurance company. (*Sun Insurance Office v. Clark, 1911.*)

INSURANCE PREMIUMS.

See under ACCIDENTS; FIRE INSURANCE; LIFE INSURANCE.

INTEREST.

The essential considerations with regard to interest are (a) that it is itself an assessable subject, irrespective of any profits or losses made by the recipient, (b) that a trader may not as a rule charge interest as an expense in his accounts, and (c) that in most cases

INTEREST—(contd.)

a person paying interest is required to deduct tax therefrom and to hand it to the revenue in some way or another. These rules will now be dealt with *seriatim*, and the few exceptions will be indicated.

First, the charging section of Schedule D (*I.T.A.*, 1853, s. 2) enacts that duty shall be payable in respect of all interest of money, and that the enactment means this literally has been proved by several appeal cases in this connection. The question has been decided in cases apparently as hard for the Crown to argue as any could be. Certain insurance companies proved that their nett income was less than their income from investments (on which they had already suffered tax by deduction). They also received certain interest without the deduction of tax, and contended that this should not be taxed as they had already paid duty in excess. Their contention was rejected both in England and in Scotland. In *Clerical, Medical and General Life Assurance Society v. Carter*, 1889, the *Master of the Rolls* remarked: "It is said on behalf of defendants that this interest is not an assessable subject-matter because it is interest which comes to defendants in the course of trade and business. I think that all interest, where it can be, is assessable." In *Revell v. Edinburgh Life Insurance Company*, 1906, Lord Kinnear said: "The only question now is whether the interest hitherto untaxed is taxable or not. I am clearly of opinion that it is." No cases can be more sweeping than these, as the following examples will show—

Company's taxed dividends..	..	..	..	..	£40,000
„ untaxed interest	..	..	..	..	5,000
„ trade receipts (premiums, etc.)	..	..	..	..	53,000
				Gross Receipts	.. 98,000
Expenses of administration and liabilities met				..	.. 67,000
				Nett profit	.. <u>£31,000</u>

The minimum income tax liability of this company is £45,000, including £40,000 dividends on which tax has already been paid, and £5,000 interest now assessable. This example should satisfy company secretaries and liquidators who have an item of interest among their receipts. The only way in which they can escape

INTEREST—(contd.)

taxation on that item is to prove that the trading resulted in a loss, and to claim on this ground, as shown in Chapter IV. Reference may be made to two other cases. A building society received payments from borrowers which included the repayment of part of a loan and interest on the part still unpaid. It was held the society was assessable on the amount of interest received without tax having been deducted therefrom. (*Leeds Permanent Benefit Building Society v. Mallandaine*, 1897.) A wool-broking company which granted temporary advances (abroad) on the security of wool and produce was held to be primarily a trading concern, and the interest received was regarded as a part of the trade profits. (*Smiles v. Australasian Mortgage and Agency Co., Ltd.*, 1888.) This case would suggest that such interest could not be assessed "as interest" without the deduction of trade expenses. It would extend both to the case of a moneylender and a banker, but probably not to the case of an investment company, and not to a moneylender or banker *in the capacity of investors*. This decision is not in verbal agreement with other cases cited above, but its principle is too just to be opposed within the limits indicated.

Tax on interest reaches the Revenue either by the person paying the interest deducting tax therefrom and handing it to the authorities, or by the person receiving it untaxed returning it for direct assessment. The rules under which tax is deducted from interest will be explained later. As regards direct assessments, it is enacted that where interest is paid without the deduction of tax, duty shall be charged under Case III of Schedule D. (*I.T.A.*, 1842, s. 102.) The rule of Case III is that assessments shall be based on the amount arising within the year preceding the year for which the assessment is made. (*I.T.A.*, 1842, s. 100.) For the year in which the interest first accrued the amount having so accrued should be charged, and this charge will be repeated in the second year. No assessment should be made after the interest has ceased to accrue, notwithstanding that the amount which accrued during the last year has not formed the basis of any assessment. Interest arising abroad is dealt with under FOREIGN INCOME.

Secondly, a trader may not as a rule charge interest as an expense in his accounts for income tax purposes. There are two grounds

INTEREST—(*contd.*)

on which this prohibition may be based and one exception in which it does not hold good. (a) Annual interest may not be deducted from profits, because the trader recoups himself in another way. (*I.T. A.*, 1842, s. 100, *Schedule D, Case 1, Rule 4.*) He is authorised to deduct tax therefrom, as will be shown later, and he hands this tax to the Revenue by paying tax on an assessment on his gross profits (including his nett profits and his creditor's interest). Thus, a trader who makes a profit of £380 after paying £40 annual interest, will be assessed on £420, and he will recoup himself for tax on £40 by deducting it from payments of interest. When a trader pays annual interest his course is clear. He may have a difficulty as to what this term includes. This is dealt with under ANNUAL INTEREST. (b) Interest may not be annual and may yet be a capital charge. (No capital charge may be set against profits.) A company paid interest on short loans from bankers. This interest was certainly not "annual," yet it was not allowed to be charged against profits. A judge commented: "What are intended to be charged are the profits of a particular business, and those profits are to be ascertained in the ordinary way, without reference to the consideration as to whether or not a particular partner or all the partners are trading with borrowed capital." (*Matthews, J.*, in *Anglo-Continental Guano Works v. Bell*, 1894.) That is to say, the interest was held to be an expense incurred in obtaining capital and was disallowed as a deduction from profits not as interest, but as a capital charge. It will now be shown, however, that in some cases short-loan interest is not regarded as an expense of obtaining capital. The exception (c) to the rule that interest may not be deducted from profits relates to interest (not being annual) which is paid as a trade expense. A simple case is that of a trade discount. This is, in theory, interest on the purchase price of goods, that price being paid earlier than it need have been. No one would think of prohibiting this discount from being charged as a trade expense. This may be carried further. A trader may purchase goods for which he cannot pay at once. He may, therefore, open an account with the sellers and agree to pay them interest on the monthly balance of his account. In this case the interest is neither annual interest nor interest on a loan obtained for use as capital. Varying

INTEREST—(contd.)

the illustration a little more, the trader may obtain an overdraft from his bank and may discharge his debt to the sellers and pay interest to the bankers instead. In all these and in kindred cases the trader may charge the interest as a trade expense. This has authoritative sanction in the case of *Scottish North American Trust, Ltd. v. Farmer*, 1912. This company was allowed to deduct from its profits interest on overdrafts paid to foreign banks, it being held that the interest in question represented payment for ordinary banking facilities and was not interest on capital.

The third matter for consideration is the deduction of tax from payments of interest. A person paying interest is entitled to make this deduction (a) where the interest is annual and is paid out of profits and gains brought into charge (*I.T. A.*, 1842, s. 102 ; *I.T. A.* 1853, s. 40), and (b) where the interest is not paid out of profits and gains brought into charge, whether it is annual or not. (*C. & I.R. A.*, 1888, s. 24.) Any deduction under (a) should be made at the rate or proportionate amount of several rates in force while the interest was accruing (*R. A.*, 1853, s. 40), and any deduction under (b) should be made at the rate in force at the date of payment. (*C. & I.R. A.*, 1888, s. 24.) In both cases the highest rate in force is the rate referred to. (See under EARNED INCOME as to the inapplicability of the lower rates.) The combined effects of the enactments referred to may be shown as follows—

	<i>If Annual.</i>	<i>If not Annual.</i>
<i>Interest paid out of profits charged ..</i>	Tax may be deducted at the rate or rates in force while accruing.	Tax may not be deducted.
<i>Interest not paid out of profits charged..</i>	Tax may be deducted at the rate in force at the date of payment.	Tax may be deducted at the rate in force at the date of payment.

Two questions now arise : When is interest “ annual ” ? This is dealt with under ANNUAL INTEREST. When is interest paid out of profits brought into charge ? This will now be considered. First, the nature of the profits is immaterial. The interest may

INTEREST—(*contd.*)

be paid out of a salary, trade profits, rents or dividends, but so long as that source of income has been charged with income tax it is within the term "profits or gains brought into charge." Secondly, the interest must *in fact be paid or be able to be paid out of the profits in question*. The London County Council contended that it paid certain interest (*a*) partly out of rents charged under Schedule A (property tax), and (*b*) partly out of the annual value of property owned and occupied by them, and likewise charged under Schedule A. The first contention (*a*) was admitted, but the second (*b*) was rejected on the ground that the Council derived no income from the property it occupied itself, and the interest therefrom could not be paid out of any value arising from that property. (*Attorney-General v. London County Council*, 1900; *Case of same name*, 1907.) When once it is evident, however, that the interest might have been paid out of profits charged, the law does not strictly regard the question whether it was in fact so paid. Thus, annuities paid by an insurance company are regarded as being paid out of the aggregate taxed income of that company, and not only out of the income of the particular source on which they were primarily charged. (*Edinburgh Life Assurance Co. v. Lord Advocate*, 1910.) See also under CORPORATIONS for a stricter ruling as regards the funds of a public authority. The following example will illustrate the effect of a decision on this point.

EXAMPLE.—A concern pays interest £9,000. Its profits are taxed in two sums, (*a*) £4,000, and (*b*) £3,000. If the interest may be regarded as being paid out of both (*a*) and (*b*) as far as they will reach, the concern will be held to pay £7,000 out of profits charged and £2,000 not out of profits charged. It will retain the tax deducted from the £7,000 to recoup itself for tax paid on that amount of profit so disbursed. But it will make a special payment to the Revenue of the tax deducted from the £2,000. If, however, the interest may be regarded as being paid out of (*a*) only and not out of (*b*), the concern will retain the tax deducted from the £4,000, and will pay to the Revenue the tax deducted from the remaining £5,000.

Any tax deducted from interest not paid out of profits charged should be paid to the Crown even although no assessment is made.

INTEREST—(contd.)

It is a debt and is recoverable as such. (*C. & I.R. A.*, 1888, s. 24.)

It should be noted, also, that heavy penalties may be imposed for any refusal to allow tax to be deducted (*I.T.A.*, 1842, s. 103), and that all contracts and agreements for the payment of interest in full are declared to be void (s. 104). There is a special provision requiring tax to be deducted from any interest paid out of rates (s. 102). See also under DEDUCTION OF TAX, particularly as regards interest paid before the passing of the annual Finance Act.

Reference may be made to two cases in which payments nominally representing interest were held not to be payments of interest. The Government expropriated a South African railway and, in addition to the purchase price, paid "guaranteed interest on capital" (the amount formerly guaranteed by the Transvaal Government) in respect of those years during which it had seized the railway. The payments of "guaranteed interest" were held to be in the nature of trade profits. (*Pretoria-Pietersburg Railway Co. v. Elwood*, 1908.) In the second case a director, held guilty of misfeasance, was ordered to refund to his company the sums improperly dealt with, "with interest at 5 per cent per annum." The judge declared that this was not interest, but "damages." (In *re National Bank of Wales, Ltd.*, 1898.)

INTEREST ACCOUNT.

The following profit and loss account is given in order that the adjustment required for income tax purposes in respect of the item of interest may be clearly indicated.

Dr.		PROFIT AND LOSS ACCOUNT	Cr.	
To Rent, Rates, etc.	..	£ 140	By Trading Account	.. £ 1,804
„ Office Expenses	..	237		
„ Salaries	..	345		
„ Interest	..	84		
„ Balance, nett profit	..	998		
		<u>£1,804</u>		<u>£1,804</u>

It may appear (from a hasty recollection of the general rule that interest may not be charged against profits) that the profit for income tax purposes is £998 plus £84, equals £1,082. But it is

INTEREST ACCOUNT—(*contd.*)

necessary to consider whether the item is the balance of an account, and even if it is not such a balance the nature of the interest must be regarded. Thus, if it represents interest on an overdraft the profit for income tax purposes will remain £998 (provided that the money was borrowed from the bank in the ordinary course of trading, as shown in the preceding article). It may be assumed in this case, however, that the item does represent the balance of the interest account, which account will now be given.

INTEREST ACCOUNT

	£	s.	d.		£	s.	d.
To Bank Overdraft ..	4	0	0	By T. Jones (£1,000 at 6% less tax) ..	56	10	0
„ F. Smith (£6,000 at 5% less tax) ..	282	10	0	„ G. Barnes (£2,000 at 6% less tax)	113	0	0
				„ Bank Deposit A/c (not taxed) ..	33	0	0
				„ Balance to Profit and Loss A/c ..	84	0	0
	£286	10	0		£286	10	0

In explanation of the adjustment which will be given, it must be pointed out that the carrying of the balance of the interest account into the profit and loss account has the same effect as if every item of the former amount were carried into the latter. In effect, therefore, the bank overdraft interest and F. Smith's interest have been charged as expenses; similarly the bank deposit interest and the interest paid by T. Jones and G. Barnes have been included in the profit and loss account as receipts. But F. Smith's interest may not be charged as an expense, for tax thereon has already been deducted by the trader whose accounts are under consideration. This being so, the trader must be assessed to include such interest (at the highest rate; see under **INTEREST**). On the other side of the account, the interest received from T. Jones and G. Barnes has been received less tax, and must not be included in the assessable profits and so charged again. The three items referred to (in the names of F. Smith, T. Jones, and G. Barnes) will, therefore, require to be deleted from the profit and loss account. The adjustment will be as shown on next page.

INTEREST ACCOUNT—(contd.)

	£	s.	d.
Balance of Profit and Loss A/c	998	0	0
Deduct Interest already taxed but included in the above profit—			
T. Jones	£56	10	0
G. Barnes	113	0	0
		169	10 0
		£828	10 0
Add Interest charged in arriving at the above profit, but from which the trader deducted tax—			
F. Smith		282	10 0
Profit for Income Tax purposes	£1,111	0	0

It will be observed that no interest has gone to fix this adjusted profit except (a) interest £33 received without the deduction of tax, and (b) interest £4 paid without the deduction of tax. Interest (b) may be charged as a trade expense if it is on a loan used for trade purposes and not as capital. This matter is dealt with under INTEREST. (See also under ANNUAL PAYMENTS with regard to the deduction of tax.)

Interest allowed on partner's capital may not be charged as an expense. Interest allowed to a partner on an advance made by him to the firm *bonâ fide* as a loan, must be treated as if it were payable to an outsider. Interest charged to a partner by reason of a deficit on his drawing account should be included in the firm's profits for income tax purposes.

INTEREST ON CAPITAL.

Interest on capital may not be charged as a deduction from profits. If a partner's capital is regarded as an investment the interest which is allowed thereon by the firm is not "earned income," and should accordingly be charged at the highest rate. It is the custom, however, to regard interest on capital as part of the profits earned by the partners, for it is obvious that the capital would earn no interest but for the activities of the firm. This does not apply to interest allowed to a partner on a loan made by him to the firm.

INTEREST ON RESERVE FUNDS.

Interest earned on investments which form part of a reserve fund

INTEREST ON RESERVE FUNDS—(contd.)

should be regarded as profit accruing to the company. Even if it is decided to add such interest to the reserve fund the fact stated still holds good. In making an adjustment of the accounts for income tax purposes the interest (unless already taxed) should be added to the profits.

INTERIM DIVIDENDS.

There is no distinction, for income tax purposes, between an interim dividend and a final dividend. They are regarded as the income of the period during which they accrue. Thus, an interim dividend for a quarter ended 30th September is the income of the year in which that date falls, irrespective of the dates on which it was declared and paid.

See under DIVIDENDS.

INVESTMENT COMPANY.

An investment company is one whose purpose it is to invest its capital with regard only to the return of dividends, interest, etc., which may be secured. When it sells and buys stock it is only for the purpose of maintaining or improving this return, and not with the intention of making a profit through a rise or fall in the value of such stock. A company which exists for purposes of investment in this sense is liable to tax only on the income arising from its investments. No gain or loss on the sale or purchase of shares should be regarded, as it is not part of the company's business to trade in its holdings.

Under the existing law an investment company is occasionally called upon to suffer tax on an amount larger than its nett income, as it is usually taxed in full on all dividends and interest accruing to it, irrespective of the expenses of management. This liability arises from the fact that all interest is assessable because it is interest and quite apart from any considerations of profit or loss. Expenses may be set against transfer fees, underwriting profits, etc., and in most cases will more than cover receipts from these sources.

When such a company pays interest on debentures or other loans it may deduct tax therefrom (except from short loans), and so recoup itself for part of the tax paid on its own receipts.

INVESTMENT COMPANY—(contd.)

It may be considered that an investment company has some ground for contending that untaxed interest received by it should be regarded as a trade profit against which management expenses etc., may be set (as in the case of *Smiles v. Australasian Mortgage and Agency Co., Ltd.*, 1888, page 249). But this view is negatived by certain insurance company cases. It has been held that it is part of the business of an insurance company to make and vary investments (*Northern Assurance Co. v. Russell*, 1889), and yet that untaxed interest received by such a company must be taxed without the deduction of expenses. (*Clerical, Medical and General Life Assurance Society v. Carter*, 1889.) The combined effect of these cases no doubt extends to an investment company.

See under **INTEREST** as to this subject generally.

INVESTMENTS.

Profits and losses on changes of investments are not regarded for purposes of income tax, except where the changes referred to occur in the course and as part of the carrying on of a trade or business. It has been stated under the preceding heading that any increase or decrease in the value of the investments of an investment company, is not material in the calculation of an income tax assessment. If, however, a company habitually varies its investments with the intention of making a profit by such variation, any increases or decreases in capital value are regarded as trade profits or losses. The same rule applies to individuals save that, in practice, the habitual speculations of an individual are not always of such a nature as to be worth regarding as trading operations. An individual who deals in property or in shares is certainly liable on his profits, however, although evidence of fairly persistent operations is required in proof of liability. The question for companies and individuals remains the same. Is a trade being exercised in the changing of the investments in question? If so, the profits are assessable and the losses are regarded as trade losses. (See under **Loss**.) If not, the transactions do not come under the view of the income tax acts.

See under **DIVIDENDS**; **EXHAUSTION OF CAPITAL**; **FOREIGN INCOME** and **INTEREST** for these branches of the subject. See under

INVESTMENTS—(contd.)

SYNDICATES as regards a company which sells its assets to another company, and under **TRADING** for a general note as regards trading in investments. See also under **LOANS LOST**.

IRONWORKS.

Ironworks are assessable under Rule 3, No. III of Schedule A (*I.T.A.*, 1842, s. 60), with other concerns in the nature of trade whose profits arise from land. These concerns are now assessable according to the rules of Schedule D (*i.e.*, the rules governing the assessment of trades, professions, etc.) so far as they are consistent with the rules of No. III of Schedule A (*R.A.*, 1866, s. 8). Ironworks are still assessed on the amount of profits arising within the year preceding the year of assessment.

Iron *mines* are assessable under Rule 2, No. III of Schedule A, on the average profits of the five years preceding the year of assessment.

ISLE OF MAN.

Residents in the Isle of Man are regarded, under the income tax acts, as residents out of the United Kingdom, save in one matter. They may claim exemption, abatement or relief (including the life insurance and children's allowances) in respect of any income taxed in this country, just as if they were residents here and their total income from all sources was calculated as including all their income and not merely income taxable in the United Kingdom.

Income arising in the Isle of Man is regarded as foreign income. (See also under **FOREIGN INCOME ; NON-RESIDENTS**.)

LAKES AND PONDS.

Lakes and ponds which are leased or occupied with lands are assessable with those lands under Schedule A (property tax), and under Schedule B (tax on the occupier's profits). Their value will be included in the rent and will, therefore, be assessed. If the owner occupies the land and retains a lake or pond therewith, its annual value must be estimated.

As regards water which is put to a commercial use, see under **CANALS**. (See also under **FISHERIES**.)

LAND TAX.

Land tax is an ancient charge which dates back to 1690. It should not be confused with the new land values duties which have no connection with income tax. Land tax, however, is collected by the same machinery as income tax, and the amount charged is often dependent on the annual value of the property in question, and on the income of the person called upon to pay it.

A certain amount (or quota) was charged on each parish and on all the lands of that parish. The charge was originally intended to be uniform, but in course of time the value of the land in the respective parishes increased or decreased, and the charge falling on each piece of land within the parishes decreased or increased accordingly. Moreover in course of time many parishes have redeemed all or part of the charge by payment of a capital sum; similarly much property within a parish has been redeemed by the owner. The result of these changes is that the present land tax is a charge which varies in different parishes. In towns it is usually very small or has ceased to exist. In certain parts of the country it was very high until 1896, when a maximum rate of one shilling in the pound on the annual value of property charged was fixed. (*F. A.*, 1896, s. 31 (1).) This enactment made a considerable gift to existing owners in many parishes, but it relieved a heavy charge which had grown up during the last century.

Land tax is redeemed in two ways. An owner may pay a sum equal to thirty times the sum assessed by his last assessment either by a single payment or by annual instalments, with interest at 3 per cent. (*F. A.*, 1896, s. 33.) Further, when a parish collects more tax in any year than remains charged against it, the surplus (after paying the collector) is taken to have reduced the amount due from the parish in the next year by one thirtieth part of such surplus. Land tax may not be charged at less than one penny in the pound except where a lesser rate would redeem the whole tax due from the parish. (*F. A.*, 1896, s. 32.)

In 1898 a further reduction of land tax was made to persons with small incomes. When the owner who receives the rent or profits of any land assessed proves, before the land tax is paid, that he has been allowed exemption from income tax in that year by reason

LAND TAX—(contd.)

of his income not exceeding £160, he is entitled to be exempted from land tax for that year. When he proves that he has been allowed an abatement of income tax by reason of his income not exceeding £400, he is entitled to be relieved from the payment of one-half of the land tax charged. (*F. A.*, 1898, s. 12.)

Land tax is payable on or before 1st January in each year. (*T.M. A.*, 1880, s. 82.)

A deduction is made from an income tax assessment under Schedule A (property tax) in respect of the amount of land tax charged on the property assessed.

LANDLORD.

A landlord is chargeable to income tax under Schedule A (property tax), but the assessment is made on the occupier of the property, who pays the duty and deducts it from his next payment of rent. Where the landlord is also occupier the assessment is made in his name. In certain cases also he is deemed to be the occupier although not actually in occupation.

The occupier of any property is the person having the use of it. (*Rule 2, No. IX, Schedules A and B, I.T. A.*, 1842, s. 63.) All landlords are required to allow a deduction from the next payment of rent of the amount of tax paid by the occupier. (*Rule 9, No. IV, Schedule A, I.T. A.*, 1842, s. 60.) The landlord is assessed as occupier—

(a) of any dwelling-house in the occupation of a tenant which (with buildings and lands belonging thereto and occupied therewith) is of an annual value less than £10 (*Rule 3, No. IV, Schedule A, I.T. A.*, 1842, s. 60);

(b) of all lands and tenements let to a tenant for a period of less than one year (*Rule 3, as above*); this provision does not refer to property let month by month or quarter by quarter at a yearly rent; it includes grazing lands let for eleven months, etc.;

(c) of any lands, houses, or buildings in respect of which he has made application to be charged (if the commissioners think fit); the application should be made before 31st July in any year and will extend to subsequent years unless the notice is cancelled before

LANDLORD—(contd.)

31st July; any duty not paid may be recovered by distraint on the landlord or on the tenant. (*F. A.*, 1898, s. 10.)

(d) of any house or building let in different apartments or tenements and occupied by two or more persons severally; in this case the house is charged in one sum (*I. T. A.*, 1853, s. 36; see also under FLATS); there is a similar provision for the assessment of house duty on the landlord. (*H. T. A.*, 1808, *Schedule B, Rule 6.*)

In each of the cases referred to under (a), (b), (c) and (d) the Crown's right of distraining on the actual occupier or occupiers remains unaffected if tax is left unpaid. If such distraint is made (or if the occupiers pay tax without waiting for a distraint) a corresponding deduction may be made from the rent. When a house is divided (structurally) into distinct properties and occupied by distinct owners or their respective tenants, each tenant is assessed for his own portion. (*I. T. A.*, 1842, s. 60; see also under FLATS.) A similar enactment extends to house duty. (*H. T. A.*, 1808, *Schedule B, Rule 14.*)

If any difficulties arise between landlord and tenant with regard to the deduction of tax, the local commissioners are authorised to adjudicate on the matter and, if necessary, to enforce their decision by distraint. (*I. T. A.*, 1842, s. 160.)

A landlord is entitled to deduct tax from ground-rent, interest, tithe rent charge (if no deduction is made from the annual value in respect thereof in making the assessment), and from any similar annual payment, at the rate or proportion of rates in force while the payment was accruing. (*Rule 10, No. I V, Schedule A, I. T. A.*, 1842, s. 60.)

See under LANDS, PROPERTY, and SCHEDULE A for the rules of assessment. See also under DEDUCTION OF TAX, DISTRAINT, and TENANT.

LANDS.

Lands are assessed under Schedule A (property tax) in respect of the landlord's profit from rent, etc., and under Schedule B in respect of the profits of the farmer or other occupier. Both assessments are made on the occupier, but in the cases referred to under LANDLORD, the owner is regarded as being the occupier for purposes of

LANDS—(contd.)

assessment. The occupier is required to bear the duty under Schedule B, but he is authorised to make a deduction from his rent to meet the payment made under Schedule A. This deduction should be at the rate of duty charged, but must not exceed the amount paid to the Crown.

The basis of the assessment is the ANNUAL VALUE, which in turn is based on the RACK-RENT. (See under these headings.) Certain deductions are made from the assessment under Schedule A, and duty is charged under Schedule B on one-third of the annual value.

The deductions allowed under Schedule A are as follows—

(a) For repairs, usually one-eighth of the assessment on lands (see under REPAIRS as to this, and as to an additional allowance for maintenance, etc.);

(b) The amount of land tax paid;

(c) The amount of a public rate in respect of drainage, fencing, or embanking;

(d) The amount expended by the landlord in making or repairing sea-walls, etc., on an average of the expenditure over the past twenty-one years (see under SEA-WALLS);

(e) Certain ecclesiastical charges described under CLERGYMEN;

(f) The amount of the parochial rates paid on rent charges confirmed by the Act for the commutation of tithes within the year preceding the year of assessment.

See also under FLOODS; GARDENS; LANDLORDS; PROPERTY; REPAIRS; SCHEDULE A; SCHEDULE B; TITHE.

LAWYERS' CHARGES.

See under LEGAL EXPENSES.

LEASE.

A lease contains important evidence as to the annual value of the premises to which it refers. The assessor is, therefore, empowered to call for its production when he thinks fit. (*I.T.A.*, 1842, s. 66.) If it shows that the premises have been let within seven years, and that the rent is the only monetary consideration referred to therein, the assessment will be made on the amount thereof. But the rent is not binding if the commissioners consider that it does not express

LEASE—(contd.)

the full consideration or is less than the rack-rent. (See under RACK-RENT.) Where a mother granted certain property to her son, the commissioners were upheld in refusing to regard the lease as conclusive evidence of the annual value of the property. One of the judges declared that, "a lease for rack-rent is conclusive if made within seven years, but the question whether the lease is for rack-rent must be considered." (*Stocks v. Sulley*, 1899.)

LEGAL EXPENSES.

Expenses incurred in the ordinary course of trading are allowable as deductions from trade profits, but expenses on capital matters or in circumstances not arising strictly within the trading operations may not be charged. Thus, expenses incurred in collecting debts, in defending an action for an alleged supply of inferior goods, in defending patent rights (not in acquiring them, this being a capital charge), and in other similar ways, may be deducted. Expenses incurred in purchasing a lease, in obtaining capital, in registering a company or opening a business, are examples of charges which may not be set against profit. The best illustrations possible of the inadmissibility of expenses which are incurred *through* trading operations and not *in the course of* such operations, are referred to in connection with the case of *Strong v. Woodfield*, 1906, under ACCIDENTS. (See also under DAMAGES.)

LIBRARIES.

A library may be within the exemption from duty under Schedule A (property tax), which is allowed in respect of buildings which are the property of any literary institution, and are used solely for the purposes of such institution, and in which no payment is demanded or made for any instruction afforded therein. (*I.T.A.*, 1842, s. 60, *Schedule A*, No. VI.) This exemption has been held to extend to a public library, supported out of the rates and owned by the corporation. (*Mayor of Manchester v. McAdam*, 1896.) Where accommodation was provided in a building used as a free library for the books of a subscription library, the exemption was held not to apply. (*Musgrave v. Magistrates and Town Council of Dundee*, 1897.)

LIBRARIES—(contd.)

A library building which is allowed exemption from income tax under Schedule A may not be allowed exemption from house duty. The only ground under which the latter exemption may be granted is that the building in question is used solely for the purposes of any trade, etc., by which the occupier seeks a livelihood or profit. (*C. & I.R.A.*, 1878, s. 13.) Where this is the case there is no exemption from income tax.

LICENSED PREMISES.

Three matters require consideration with regard to the income tax assessments on and in respect of licensed premises: (a) the assessment under Schedule A (property tax), (b) the assessment under Schedule D in respect of the trader's profits, and (c) the position of brewers who control or manage licensed premises.

The assessment under Schedule A should be based on the annual value of the premises occupied, and in ascertaining that annual value, regard should be paid to the fixtures leased with the house. Thus it has been said—"Things which are there for the purpose of making and which do make the premises fit as premises for the particular purpose for which they are used, are to be taken into account in ascertaining the rateable value of such premises." (*Lord Esher in Tyne Boiler Works Co. v. Tynemouth*, 1886.) There is no doubt that the usual fittings of a public-house should be included with the house for this purpose. A stable which belongs to and is occupied with the house should also be included, likewise any other offices, yards, and gardens up to one acre in extent. Having decided on the premises to be valued, the annual value is ascertained primarily by reference to the rent paid. The rent is conclusive evidence provided that the lease or agreement was made within the seven preceding years, and that the rent is the sole consideration for the lease and represents the rack-rent of the premises leased. (See under RACK-RENT.) It is, of course, for the local commissioners to decide whether these conditions are fulfilled in any particular case. Where a mother leased certain premises to her son, the commissioners were upheld in declining to accept the rent paid as conclusive evidence of the annual value. (*Stocks v. Sulley*, 1899.) In a house duty case (where the same rule applies)

LICENSED PREMISES—(contd.)

it was decided that the poor rate assessment is not conclusive evidence as to annual value. (*Walker v. Brisley*, 1900.)

The rent paid for licensed premises very frequently fails to express the full consideration for the lease. Sometimes the tenant pays "interest" on sums expended by the landlord by way of improvements or on the capital value of the fittings. This "interest" should manifestly be added to the rent in ascertaining the full annual value. In the case of a tied house further additions usually require to be made, for the terms of the lease will probably be as follows. The landlords (who are brewers) let the premises to a tenant at a rent considerably below the annual value, but bind him to purchase all his liquors from them. In selling him these liquors they do not allow the liberal discount which competition requires them to allow to tenants of free houses. Instead of 20 per cent. they allow, say, 8 per cent., and it is evident that the difference (12 per cent.) is a charge made by them to a large extent to counter-balance the inadequacy of the rent. The following example will illustrate the method by which the approximate annual value may be ascertained.

STATEMENT OF TRADE OF J. SMITH

TENANT OF THE "X" PUBLIC HOUSE, TIED TO HAMPTON & CO.,
BREWERS

Rent paid	£40
Rent paid for stable	10
Interest on sums expended on improvements (5 % on £200) ..	10
Interest on value of fixtures (5 % on £80)	4
Beer bills last year £400, less discount at 8%	368
Spirit bills last year £100, less discount at 10%	90
(N.B.—To free tenants Hampton & Co. allow 20% discount on beer and 30% on spirits.)	

ANNUAL VALUE UNDER SCHEDULE A

Nominal rent	£40
Rent of stable	10
Annual value of improvements	10
Annual value of fixtures	4
Discount <i>not</i> allowed on beer (£400 at 12%)	£48
" " " spirit (£100 at 20%)	20
	£68
Say one-half to be added to the inadequate rent	34
Annual Value	£98

LICENSED PREMISES—(contd.)

There can be no general rule as to the proportion of the "discount not allowed," which should be regarded as counterbalancing the inadequate rent. It is no doubt true that brewers would not allow to a tied tenant the full discount which competition would force them to allow to a free tenant, even though the tied tenant paid a full rent. This being so, some portion of the "discount not allowed" should be attributed to their having secured a monopoly, and this portion could have no connection with the annual value of the premises. In the illustration given above the portion is assumed to be one-half, but each case should be considered on its merits and with some regard to the result of the calculation. Thus, if the "X" public-house were on a level with neighbouring free houses let at £100, this fact would suggest that the calculation made above was satisfactory. But neither the assessor nor the person assessed would hesitate to challenge any calculation so made if the result were considerably below or considerably above the ascertained annual value of similar premises. In practice, however, the method of ascertaining the assessable figure is satisfactory. A house managed by brewers should be treated under the same rules, with the alterations which the conditions require.

The assessment on the tenant under Schedule D has nothing to do with the conditions of his tenancy. The only question is what profits he himself makes under those conditions. Thus in the example given above, the assessment on J. Smith's profits cannot be affected by the fact that his brewers allow 20 per cent. discount to other people. His trading account might be drawn out as shown on top of next page.

The following adjustments must be made—

Balance of account	..	..	..	..	..	..	£98
Add Income tax (<i>g</i>)	..	..	..	..	..	..	3
$\frac{1}{3}$ Schedule A Assessment (<i>h</i>)	..	..	..	..	..	..	33
$\frac{1}{3}$ Rates and House Duty (<i>h</i>)	..	..	..	..	..	..	9
$\frac{1}{8}$ Water and Lighting (<i>h</i>)	..	..	..	..	..	..	6
Goods consumed by J. Smith and family (<i>k</i>)	..	..	..	..	..	..	20
Profit for income tax purposes	..	..	..	..	..	..	<u>£169</u>

The adjustments are made in accordance with the general rules given in Chapter II, and the letters in brackets against the items

LICENSED PREMISES—(contd.)

TRADING ACCOUNT OF J. SMITH, 19...

Jan. 1	Beer in hand, at purchase price	£54	Dec. 31	Total receipts ..	£1,047
	Spirit in hand, at purchase price	18		(debts fairly constant, therefore ignored)	
	Cigars, etc., do. . .	7		Beer in hand, at purchase price	63
Dec. 31	Beer bills during the year ..	368		Spirits in hand, at purchase price	17
	Spirits, do. . .	90		Cigars, etc., in hand, at purchase price ..	6
	Cigars, etc., do. . .	20			
	Cost of refreshments	90			
	Rent of house and stable	50			
	Interest on Fixtures and Improvements ..	14			
	Rates	25			
	Water	7			
	Lighting	23			
	House Duty ..	2			
	Licence and Compensation Fund Charge ..	48			
	Wages, potman and two barmaids	140			
	Keep of potman and 2 barmaids	78			
	Income tax ..	1			
	Balance profit ..	98			
		<u>£1,133</u>			<u>£1,133</u>

added back refer to the rules contained in that chapter. These rules are applicable to all traders, and no special comment is needed here.

If J. Smith had kept no accounts his liability might have been estimated as shown on the next page.

This balance of profit will require adjustments for income tax purposes as were shown in the case of the account above. It should be observed, however, that no estimate of profit can be satisfactory where no accounts are kept. Items (*b*), (*c*), and (*e*) may be estimated fairly closely but not accurately. Items (*g*), (*i*) and (*j*) cannot be estimated with any assurance of close approximation. When the trader has to convince the commissioners of the reliability of his estimates he is likely to meet with considerable difficulty, and the assessment will no doubt include a margin for possible errors made

LICENSED PREMISES—(contd.)

(a)	Beer purchased as per bills, 10,500 gallons	..	£368	
(b)	„ sold, 10,000 galls. at 1s. 4d. average price	..	667	
(c)	(500 galls. waste)	.. .. .	—	
	Gross profit on beer	.. ..		£299
(d)	Spirits purchased as per bills, various	.. ..	90	
(e)	„ sold, estimated at 100% profit	.. ..	180	
	Gross profit on spirits	.. ..		90
(f)	Cigars, etc., purchased as per bills	.. ..	20	
(g)	„ sold, estimated at 75% profit	.. ..	35	
	Gross profit on Cigars, etc.	.. ..		15
(h)	Refreshments, etc., purchased as per bills	.. ..	60	
(i)	„ „ „ without bills, estimated	.. .. .	40	
			100	
(j)	Refreshments sold estimated at £3 per week	.. ..	156	
	Gross profit on refreshment	.. ..		56
	Total gross profit	.. ..		460
Expenses—Rent and interest to brewers				54
	Rates, water, lighting and house duty	.. ..	58	
	Licence and Compensation Fund Charge	.. ..	48	
	Wages, potman and 2 barmaids	.. ..	140	
	Keep of „ „ „	.. ..	78	
	Income tax	.. ..	1	
	Total expenses	.. ..		379
	Nett Profit	.. ..		£81

by the trader in his own favour. In the illustration given the estimated profit is shown as £81, being £17 less than the profit shown by the account (£98). A publican handing up the estimate referred to must expect an assessment of something over £200 (in place of £169 which an account would have shown had it been prepared). He cannot be urged too strongly to keep a proper record of his trading. Howbeit, when no account has been kept an estimate on the lines suggested above is the best substitute.

If a tenant pays rent £40 but is assessed to income tax under Schedule A (property tax) on £90 gross, £75 nett, it is only reasonable that he should charge £75 against his trade profits in respect of his premises (subject to the usual adjustment on account of his private quarters). He may only deduct tax on £40 from his rent,

LICENSED PREMISES—(contd.)

and must bear tax on £35 himself. In any claim to exemption or abatement, that £35 must be regarded as part of his income if the full £75 has been charged against his profits. If he is still exempt the assessment under Schedule A may be reduced to £40.

A tenant's right to deduct tax from his rents is dealt with under RENT. That right is not restricted by the fact that the tenant may not pay the full rent by reason of a deduction on account of the landlord's share of the compensation fund charge. (*Hancock v. Gillard*, 1907.)

The last matter for consideration is the position of brewers with regard to houses under management and to tied houses. In the former case there is very little difficulty, for the actual profits or losses are brought into their accounts with the results of their brewing business proper. They are the occupiers of these houses through their managers. As far as such houses are concerned they are publicans, and all outgoings and receipts are regarded as pertaining to their normal business. There are, of course, the general restrictions which apply to any other publican who rents or has a lease of his premises. No capital expense may be charged against revenue. Where the brewers purchase property they may not charge the price against their profits, but each year they should charge the annual value of the premises in question. Similarly the expense of improvements, or of the adaptation of property for their particular requirements, is a capital charge. But in these and all other matters they are under the same rules as publicans who are not brewers.

The case is different with regard to tied houses. Such premises are occupied by the tenant, and it is the tenant who carries on the business of publican. It has been held, therefore, that the brewers may not keep their accounts (for income tax purposes) as if they carry on the business. Moreover, the brewer's connection with his tied houses has for many years been regarded as that of a trader who deals in property for the advantage of his trade—the dealing in property being quite distinct from the trade. Thus, a brewery paid certain money for the premium of a lease of premises afterwards re-let as a tied house. It claimed a deduction from its profits in respect of the gradual exhaustion of the lease, but this was not

LICENSED PREMISES—(contd.)

allowed. The expense was characterised as a disbursement for the purpose of increasing the sale of beer, and as such was not allowed as a deduction. "There are two distinct things," said a judge; "the trade and the house—they are generally distinct, and I think on that ground the expense incurred in respect of the house cannot be deducted. . . . If there is a lease (between brewer and tenant) and the rent does not equal that which the brewer has to pay for it, surely he cannot deduct the difference as an expense of trade." (*Watney & Co. v. Musgrave*, 1880.) In a subsequent case brewers were refused permission to charge in their accounts the amounts expended in the repairs of tied houses in excess of the allowances under Schedule A. "They have been buying tied houses for the purpose of extending their trade. . . . It is impossible to allege that the whole of this money for repairs of the public house was laid out exclusively for the trade of brewer." (A judge in *Brickwood & Co. v. Reynolds*, 1898, referring to the provision that no deduction may be made from profits except money wholly or exclusively laid out or expended for the purpose of the trade assessed.) In *Southwell v. Savill Bros., Ltd.*, 1901, the company made certain payments to the owners of public-houses for the right to call for the surrender of their licences if its own applications for new licences were successful. It was held that such payments should be treated as investments of capital. The only case at all similar to these won by a brewery before 1910 was decided on the same principle as is indicated above. A brewery lent money to its customers on the security of public-houses. It claimed to be allowed to deduct from its profits such losses as it incurred in the case of houses which proved to be of insufficient value to cover the loans. The claim was allowed on the ground that it was part of the brewery's business to lend money to customers. "The appellants carry on the brewing business with this business of money lending as a branch or adjunct to it." "It would be a fallacy to call this money capital invested." (Judges in *Reid's Brewery Co., Ltd. v. Male*, 1891.) The principle has been clearly stated, therefore, that expense is only allowable as a deduction if it is incurred in the carrying on of the business on which the assessment is made. The lending of money to customers may be regarded as part of a brewer's trade, but all disbursements

LICENSED PREMISES—(contd.)

in regard to tied houses are outside the trade of brewing—this was the law until the case of *Smith v. Lion Brewery Co., Ltd.*, 1910. This company claimed to charge in its accounts the amounts ultimately borne by it in respect of the compensation fund charges on its tied houses. The local commissioners decided in the company's favour; the Court of King's Bench reversed the decision; the Court of Appeal (by two judges to one) decided in the company's favour; in the House of Lords the opinions were equally divided, and the judgment of the Court of Appeal was therefore sustained. It may be well to state the reasons on which the opposing opinions in the House of Lords were based. Against the company, the *Lord Chancellor* expressed himself as follows: "The Lion Brewery Company's trade is that of manufacturing and selling beer wholesale. . . . It must be taken that the motive of the Brewery Company in owning tied houses was simply and solely to obtain a reliable market for their beer. . . . The company owned the tied houses for that reason, and it was essential to their trade to own them." . . . (As to the nature of the compensation fund charge): "When a public-house is deprived of its licence under the Act of 1904 a trade is destroyed. It is the retail trade which is destroyed comprising the sale of wines and spirits as well as the sale of beer. That is the loss which is to be compensated, and the owner of the house shares in the compensation because a house with a licence is more valuable than a house without a licence" . . . (Reasons for refusing the deduction): "In the first place the levy . . . is laid out or expended for the purpose of insuring against loss by destruction of the retail trade authorised by the licence, which is that of selling wine and spirits and not beer alone. . . . The Lion Brewery Company . . . has nothing to do with wines and spirits. In the second place, *it is only in the character of owners of a house that the Lion Brewery Company can be called upon to pay this levy at all.* . . . You cannot, by saying that a man carries on the business of owning house property, shift the method of assessing that property for income tax from Schedule A to Schedule D." *Lord Atkinson* expressed a contrary opinion as follows: "The system of selling the respondents' beer through the instrumentality of licensed houses tied to their brewery by covenant, is found to be a necessary

LICENSED PREMISES—(contd.)

incident to the profitable conduct by them of their trade as manufacturers and vendors of beer. . . . It certainly would appear to me that *where a trader deliberately acquires any particular interest in the licensed premises, wholly and exclusively for the purpose of using that interest to secure a market for the commodities he manufactures, the money he must spend to satisfy the charge thus imposed (the compensation fund charge) is necessarily disbursed wholly and exclusively for the purpose of this his trade. . . .*" (In answer to arguments against this view): "It is urged that the landlord pays his contribution as landlord. . . . That no doubt is so, but the company have been landlords for the purpose solely and exclusively of setting up the tied-house system of trading. . . . It was argued that regard must be had to the purpose to which the contribution was devoted. I think . . . that this is an altogether irrelevant matter (proceeding to cite the case of a pawnbroker's licence duty which the State might appropriate to the support of the army, etc., without its ceasing to be allowed as a deduction from the pawnbroker's profits). But even if it were otherwise . . . the contribution is a payment by way of insurance premium against the loss of the licence, which means . . . as regards the landlord, an insurance against the loss of a market for the sale of his beer. . . ." (As regards the spirits and wine included in the licence): "It matters not to them (the brewers) in respect of what trading, in addition to the trading in beer, the liability for the entire contributions incurred. They deliberately assume the liability for the landlord's share of it solely to get a market for their beer, and therefore the payment of it is a disbursement made wholly and exclusively for the purposes of their trade as vendors of beer."

It will be observed that the judges' *dicta* are far-reaching. The words italicised are exceedingly important in that they state the case for and against the inclusion in a brewer's accounts of all charges in connection with his tied houses. In law, however, the decision is limited strictly to the compensation fund charge and the decisions in the cases first stated remain undisturbed. The Court of Appeal has now decided that no allowance could be made from a brewer's profits in respect of the following expenses incurred in connection with its tied houses, viz., the difference between rents

LICENSED PREMISES—(contd.)

received and rents paid, fire and licence insurance premiums, rates and taxes, legal costs and the cost of repairs. (*Bruce v. Usher's Wiltshire Brewery, Ltd.*, 1914.) It is not known whether this case will be taken to the House of Lords. It may be observed, however, that no expense could be more favourable for the brewer's contention than that of the compensation fund charge. If the question of premiums paid for licences, of the difference in rents paid by the brewers and received by them, or of the excess expenditure on repairs, is opened in the House of Lords, it is to be expected that much attention will be paid to the alleged capital nature of some of these charges and to the irrelevancy of Schedule D to the others. But it is a curious fact that the earlier decisions referred to were almost ignored by the judges in the *Lion Brewery* case.

In concluding these notes as to the position of a brewer in regard to his tied houses it may be repeated that, as the law stands at present, he may charge as an expense in his accounts the portion of the compensation fund charge borne by him. He may not charge any other expense connected with the licensed premises in question.

LICENCES.

Where it is necessary for a trader to take out a licence, and to make an annual payment therefor, in order that he may carry on the business in respect of which he is assessed, the payment so made is allowable as a deduction in his accounts. In the case of *Smith v. Lion Brewery Co., Ltd.*, 1910, Lord Atkinson cited the licence duties imposed on publicans, pawnbrokers and auctioneers in illustration of allowable deductions. "Such duties as these can, as I understand," said he, "admittedly be properly deducted from the gains and profits earned in the authorised trades by the persons who pay them."

Payments made for the right to *enter* a profession may not be deducted from the first year's or any other profits. They are regarded as capital outlay.

See also under LICENSED PREMISES.

LIFE INSURANCE.

A deduction may be claimed from tax otherwise due, equivalent

LIFE INSURANCE—(*contd.*)

to the duty on the amount of life insurance premiums paid during the year of assessment, subject to the following considerations (*I.T.A.*, 1853, s. 54)—

(a) The premiums must be in payment of annual sums agreed to be paid under a life insurance policy or under a contract for a deferred annuity ;

(b) The life insured or in respect of which the annuity is payable must be that of the claimant to the allowance (who shall pay the premiums) or that of the claimant's wife ;

(c) The contract must have been made with a company carrying on business in the United Kingdom (*R.A.*, 1906, s. 11), with the National Debt Commissioners (*I.T.A.*, 1859, s. 6) or with any friendly society legally established under the Friendly Societies Acts (*I.T. (Insurance) A.*, 1853, s. 1) ; where premiums are paid for shorter periods than three months the surveyor of taxes may demand a certificate signed by an officer of the Society, specifying the aggregate amount payable as premiums throughout the year (*R.A.*, 1903, s. 10) ;

(d) The premiums on which the allowance is based shall not exceed one-sixth of the total income ; such total income should be reckoned according to the rules of the Acts, *i.e.*, in the method shown under ABATEMENT—it may briefly be described as the aggregate of the claimant's income as assessed directly on him, and of the income from which tax is deducted before its receipt, less charges ;

(e) The allowance is made from income assessed at an earned income rate so far as there is earned income which has borne tax to cover it.

The allowance does not operate so as to reduce the income from one abatement scale to another. That is to say, a person's title to abatement (as also to exemption to an earned income relief) must be considered without the deduction of life insurance premiums. (*I.T.A.*, 1853, s. 54.) Life insurance premiums may be very material, however, in the assessment of super-tax. (See under SUPER-TAX.)

If a person is liable under an Act of Parliament to make an annual payment, or to have an annual sum deducted from his salary, in order to secure a deferred annuity to his widow or a provision

LIFE INSURANCE—(*contd.*)

to his children after his death, the sum paid or deducted is within the allowance.

The allowance may be claimed by repayment within three years after the expiration of the year in which the premiums in question were paid. (*I.T.A.*, 1860, s. 10.)

It should be noted that the allowance is restricted to sums paid by the person assessed within the year of assessment. Where an insured person paid a part only of the nominal amount of the premium, leaving the other part as a debt due to the company, the allowance was held to extend to the former part only. "In point of fact it is a question of the extent by which his income was diminished during the year by the payment." (*Lord Robertson in Hunter v. Attorney-General*, 1904.) A premium paid under a double endowment assurance policy, which secured £100 if the insured died before a certain date and £200 if he were alive on that date, was held to be within the allowance. (*Curtis v. Gould*, 1913.) See also under ACCIDENTS.

LIGHTING.

The expense of lighting may be the cause of some difficulty when the trader assessed resides on his business premises. There is no direction in the Acts as to the proportion of such outlay which may be charged as a trade expense, and the only rule, therefore, is that a trader should charge just the proportion as may fairly be held to relate to his business. This proportion may be got at by comparing his trade with his domestic requirements, with special regard to the number of burners or lamps and to the time over which they are in use.

LIQUIDATION.

The responsibilities of a liquidator of a company are not defined in the Income Tax Acts, but such an official is bound by the various Companies Acts, and by the fact that income tax assessed on the company is a debt due to the Crown by that company or its legal representative.

First, he should remember that the fact of liquidation does not discharge a liability to income tax on the part of the company if it

LIQUIDATION—(contd.)

exists apart from that fact. He has three courses open to him. He may pay the duty as assessed ; he may claim any adjustment of the assessment as stated under CESSATION OF BUSINESS and under Loss ; or he may endeavour to avoid payment by alleging a lack of funds. As regards the second alternative it should be noted that a claim may be made by him only as the representative of the company, and only if there exists a title to the relief claimed, apart from the fact of liquidation. Thus, if he is continuing the business, that business cannot be the subject of a claim on the ground of its cessation. Similarly, a loss may be alleged only if a loss was incurred during the year in respect of which the assessment was made. As regards the third alternative, in cases of insolvency the Crown has a prior claim over all other debts except a landlord's suit for rent. The prior claim is limited to the payment of one year's duty, and any other tax due falls to be dealt with as other debts. This rule should be read in conjunction with the elaborate regulations issued by the Board of Trade.

Secondly, a liquidator should remember that liability to income tax may arise while he has charge of the company's affairs. If he is carrying on the business he is assessable in respect of any profits made, and in any case he is liable to tax on the amount of any interest accruing to the company. (*I.T.A.*, 1842, s. 102 ; *I.T.A.*, 1853, s. 2 ; see also under INTEREST.) If the concern makes a loss while the interest is accruing, he may set the former against the latter as explained under Loss. Otherwise he must pay any tax assessed thereon without hope of recovery. If he pays any annual interest or interest " not payable out of profits charged " he must deduct tax therefrom, and hand it to the Revenue. (See under INTEREST as to the deduction of tax therefrom.) A liquidator is not obliged to deduct tax from any directors' fees paid by him, although this is frequently done for the convenience of these gentlemen.

Whatever the liability may be, the liquidator is personally responsible for its discharge. It has been held, under the Companies Winding-up Act, 1890, s. 10, that in distributing the assets of a company without paying the income tax due, the liquidators misapplied the assets and must themselves pay the debt. A writ of

LIQUIDATION—(contd.)

attachment becomes issuable in such a case as a matter of right. (*In re Watchmakers' Alliance and Ernest Goodes' Stores, Ltd.*, 1905.) In any case where there is a chance of such liability existing, a liquidator would be well advised to settle the question with the surveyor of taxes before he distributes the assets.

The question whether payments made to shareholders or debenture-holders out of the proceeds of the realisation of a company's assets, should be regarded as interest or capital, is one for the Court which makes the order for distribution. In *Smith v. Law Guarantee and Trust Society, Ltd.* (1904), it had been provided in a debenture trust deed that the proceeds of the realisation of the assets of the company concerned should be appropriated first to the payment of arrears of debenture interest and then to the repayment of the principal. An order of the Court was obtained that such proceeds should be paid on account generally of principal and interest, and in fact the sums realised proved to be less than the amount of the principal. It was held that the proviso first referred to was intended for the protection of the debenture-holders and (in consideration of the open terms of the order made by the Court) that did they so elect the moneys paid them should be regarded as repayment of the principal sums, in which case income tax should not be deducted therefrom.

LITERARY COPYRIGHT.

Income arising from literary copyright may be assessable—

- (a) Under Case I of Schedule D, if it is the result of labour which is so persistent as to be regarded as a profession ;
- (b) Under Case III of Schedule D, if it is not within Case I but is a profit of an uncertain annual value ; or
- (c) Under Case VI of Schedule D, if it is an annual profit and does not fall within Case I or Case III.

In the case of literary profit there is very little distinction between liability under Case III and under Case VI, but there is a clear difference between such liability and liability under Case I. The profit which accrues from a single book can hardly fall under the last-mentioned case, inasmuch as the sale of the copyright of one book cannot constitute the carrying on of a trade. If such income

LITERARY COPYRIGHT—(*contd.*)

is received in the form of an annual royalty, this royalty would fall to be assessed under Case III or Case VI, probably under the latter as the former is only intended, in this connection, to pick up any liability which escapes the other cases. If one book is sold for a lump sum it is probable that there is no liability in respect of that sum. The profits of several books or articles are assessable under Case I. A deduction may be claimed for any expenses directly incurred in the production and sale of the literature, including paper, postage and the repairs (but not the purchase) of a typewriter.

An assessment under Case I should be based on the profits of the following periods: in the first year, on the profits of that year; in the second year, on the profits of the first year (subject to an adjustment to the profits of the second year if claimed by the taxpayer, see Chapter IV); in the third year, on the average profits of the first and second years (also subject to an adjustment similar to that just mentioned); in the fourth and any subsequent year, on the average profits of the three preceding years.

An assessment under Case III is based on the profit of the year preceding the year of assessment.

An assessment under Case VI must be returned on the profits of the year, or on such average as the case may fairly require. The basis of the return is required to be stated, and the local commissioners may accept it or vary it as they think necessary.

LITERARY INSTITUTIONS.

A literary institution is entitled to exemption from income tax under Schedule A (property tax) in respect of any building which is the property of such institution, and is used solely for its own purposes. No payment may be demanded or made for any instruction afforded there by lectures or otherwise, nor may the building be occupied by any officer or person paying rent for the same. (*I.T.A.*, 1842, s. 61. *Schedule A*, No. VI.)

A free library is within the exemption. (See under LIBRARIES.) The "property of such institution" has been held to mean "no more than that it is property appropriated to and applied for its purposes." (*Lord Herschell in Mayor of Manchester v. McAdam*, 1896.) Thus, if a corporation were to allocate a building,

LITERARY INSTITUTIONS—(contd.)

gratuitously, to a literary institution, the building would be regarded as the property of the institution. If a rent were paid the exemption would not apply.

The exemption is required to be claimed before the local commissioners of income tax. A literary institution may be able to obtain the return of tax deducted from certain sources of income, if it is of a charitable nature. See under CHARITIES, as regards the rather broad meaning of this word, and the provisions for repayment.

See also under SCIENTIFIC INSTITUTIONS, with particular reference to professional institutions.

LOANS LOST.

It may be well first to cite two cases in this connection, and then to distinguish between them. In *Reid's Brewery Co., Ltd. v. Male*, 1891, a deduction was allowed from the company's profits in respect of the loss of sums lent to its customers on the security of public-houses which proved insufficient to cover the loan. In *English Crown Spelter Co., Ltd. v. Baker*, 1908, a zinc smelting company assisted, by loans, a second company formed to supply it with blende. The latter company failed and the moneys lent were lost. It was held that such losses should not be deducted from the profits of the former company.

The distinction is as follows: The brewery company lent money in the course of its trade and as a part thereof. The judges remarked "The appellants carry on the brewing business with this business of money-lending as a branch or adjunct to it. . . . It would be a fallacy to call this money capital invested." On the other hand, the zinc smelting company were held to have invested the money lent to the blende company. The money was certainly lent for the benefit of the business; but the transaction was still of the nature of an investment.

It follows, therefore, that losses of such loans as will now be mentioned may be regarded as trading losses, viz., money lent by a pawnbroker on security which by some chance proved to be insufficient; money advanced by a trader (as part of a general system) on the security of goods sold by him; money advanced by a wholesale firm to retail tradesmen on the security of their

LOANS LOST—(*contd.*)

businesses ; loans made by a banker, money-lender, stock-broker, etc. These loans are all made in the course of trading.

Losses incurred in loans of the following nature may not be regarded as trading losses, viz., a loan made by a pawnbroker to a fellow-tradesman or friend without security ; an isolated advance made by a trader to a customer or other person ; money advanced by one firm to another as an investment. These loans are probably investments of capital, but in any case not disbursements " wholly or exclusively laid out or expended for the purpose of " the trade of the lender.

The important question remains : " Is money-lending a part of the business of the trader or company in question ? "

LOCUM TENENS.

See under SUBSTITUTE.

LODGERS.

See under APARTMENTS ; PAYING GUESTS.

A householder is required to prepare a return of lodgers residing in his house when a form is served on him for the purpose. He will save trouble to his lodgers by adding, in the column provided, such other addresses of his lodgers at which they are dealt with for purposes of income tax. (*I.T.A.*, 1842, s. 50.)

LONDON.

London is within the rules which apply to all other towns and places in England save as regards assessments under Schedule A. For purposes of such assessments the local commissioners of income tax are required to accept the valuations made by the rating assessment committees as finally fixed by such committees, or on appeal to any sessions or superior Court. The amounts entered in the gross estimated rental columns of the poor rate assessments are deemed to represent the respective annual values of the properties concerned. (*Valuation (Metropolis) Act*, 1869.)

It follows, therefore, that in order to secure the reduction of an assessment under Schedule A within the Metropolis, the taxpayer should appeal against his poor rate assessment. The income tax

LONDON—(contd.)

and house-duty assessments will be reduced automatically if he is successful in this application.

LOSS.

Two principles apply in a broad sense to all assessments to income tax. First, the basis of assessment is what may be termed the *legal* income, as opposed to the *actual* income of the person assessed. Secondly, an assessment cannot be made on a negative amount and, therefore, the legal income cannot be a minus quantity however large a loss has been incurred.

It follows from the first principle that if the legal income is, say, £500, the assessment must remain at that figure whatever may be the amount of the actual income. It follows from the second principle that if the average result of three years' trading is a loss of £500, the legal income can at the very least be *nil*. In this sense the Income Tax Acts are said to take no regard of losses, save for the adjustment allowed under the special enactment which will be explained. The difference between the legal income and the actual income is caused by the fact that the former usually represents the average income of certain past years. This average may result in a considerable profit, while the actual trading of the year may have entailed a loss. It is important to remember that the legal income still remains the basis of assessment. The loss will fall into the average for the three succeeding years, and in most cases this system will result in the aggregate of the legal incomes of a number of years closely approximating to the aggregate of the actual incomes of those years. But the application of the second principle referred to will sometimes prevent this approximation. Let the following figures be taken to represent the average profit or loss of a trader—

1909	..	.. Profit	£100	1910	..	.. Profit	£200
1910	..	.. Profit	200	1911	..	.. Loss	600
1911	..	.. Loss	600	1912	..	.. Profit	500
Aggregate			.. Loss 300	Aggregate			.. Profit 100
Average loss			.. £100	Average profit			.. £33
Legal income for 1912, <i>Nil</i>				Legal income for 1913, £33			

Now, a trader might contend that whereas the average income

LOSS—(contd.)

for 1912 was *minus* £100, and the legal income for that year was merely *nil*, some allowance should be made from the average and legal income for 1913. But no such allowance may be made. The legal income is never a minus quantity. If the 1911 loss is so large that its full force cannot be felt in the three years 1912, 1913, and 1914, into whose average it falls, then the excess of that loss is disregarded and the taxpayer suffers accordingly. This hardship is still more obvious if it is assumed that the trader has other legal income of, say, £800 on which tax has been paid in 1912. His aggregate income is really £800 less an average loss of £100; it is assumed to be £800 plus a legal income of *nil*.

To meet this injustice a special provision (*C. & I.R.A.*, 1890, s. 23) has been passed into law, whereby a taxpayer whose trading results in a loss may claim the benefit of that loss at once instead of bringing it into the next three years' averages, and thereby securing one-third of its effect in each of those years. In the illustration given above (and assuming that the trader has, in 1911, paid tax on £800 income from other sources), he may set the £600 actual loss against this other income of £800. He will be repaid tax on £600, but may not bring this loss into any future averages. The working for 1913 will be—

1910 ..	..	Profit	£200
1911 ..	..	—	<i>Nil</i>
1912 ..	..	Profit	500

3) Profit £700

Average profit £233,

which is the legal income for 1913.

Various examples of this adjustment will be found in Chapter IV, but some perplexity may be avoided by this brief analysis of the legal considerations on which it is based.

Apart from the adjustment referred to, there is no method by which a large loss (that is, a loss large in comparison with the profits of surrounding years) may have its full effect on a trader's income tax liability. Even with the adjustment the hardship does not disappear in certain circumstances. If a concern incurs losses for several succeeding years and then makes profits, those profits

LOSS—(contd.)

are assessable irrespective of the losses not allowed for. No loss incurred outside the three preceding years (whose results form the average) may be regarded in fixing an income tax assessment.

See under DEDUCTIONS, as regards disbursements (referred to as losses in certain circumstances) which may or may not be set against gross profits. See also under the next heading.

LOSSES IN OTHER CONCERNS.

In considering an income tax assessment on a particular source of income, a deduction may be allowed therefrom in respect of a loss incurred in relation to another source of income, only if both sources are trades, manufactures, adventures or concerns in the nature of trades. (*I.T.A.*, 1842, s. 101 and s. 159.) Professions, employments, vocations, foreign remittances and farms are sources of income which are not included within the provisions.

The set-off is allowed as follows: If a man trades as a grocer and elsewhere as a butcher, making an average profit of £300 and an average loss of £50 respectively, the assessment on the former business may be made on the sum of £250.

The provision under consideration has been held not to apply to losses sustained on a farm by a man who made a profit on a seed business (*Brown v. Watt*, 1886); neither to losses incurred in the production of a railway signal by a person assessed as a commercial traveller. (*Grimes v. Lethem*, 1898.) In every case to which the provision does not apply, a trading loss may be set against a profit by means of a repayment claim only, as explained in Chapter IV.

MACHINERY.

Expense incurred in maintaining machinery at an efficient level is usually charged, for income tax purposes, by reference to the wear and tear sustained in the course of its use. This subject is dealt with under DEPRECIATION. (See also under PLANT as regards the nature of the asset on which the allowance may be made.)

The expense of removing machinery from one workshop or yard to another is not an allowable deduction for income tax purposes. (*Granite Supply Association v. Kitton*, 1905.)

In considering the annual value of any premises, with reference

MACHINERY—(*contd.*)

to an assessment thereon under Schedule A (property tax), the annual value of the machinery with which it is fitted should be taken into account. "Things which are there for the purpose of making and which do make the premises fit as premises for the particular purpose for which they are used, are to be taken into account in ascertaining the rateable value of such premises." (*Lord Esher in Tyne Boiler Works Co. v. Tynemouth Union*, 1886.) See the fuller note under ANNUAL VALUE.

MAINTENANCE OF FAMILY.

Expense incurred by a trader in maintaining himself or his family may not be charged as a deduction for income tax purposes. (*I.T.A.*, 1842, s. 100.) Where, however, a trader's sons or other relatives (except his wife) are employed in his business and are maintained by him as part remuneration for their services, the cost of maintaining such relatives may be charged as a trading expense.

MAINTENANCE OF PROPERTY.

The allowances made from a Schedule A assessment and by repayment are dealt with under REPAIRS. No other allowance is made in respect of the maintenance of property.

MANAGER.

A manager is assessable on his average salary unless he is employed by a company, society or other body of persons (not including a firm). In the former case the assessment should be under Schedule D (*I.T.A.*, 1842, s. 100, *Case II*); in the latter, under Schedule E. (*I.T.A.*, 1842, s. 146.) In the latter case the average may not be allowed except on items of commission and similar "perquisites." An additional assessment must be made in respect of any increase of salary during the year. (*I.T.A.*, 1853, s. 53.)

As regards business residences see under RENT-FREE RESIDENCE.

MANOR.

Dues and other casual profits of a manor or other royalty are assessable on the average of the sums received within the seven preceding years. The assessment should be made on the lord of the manor or on the person who rents it from him. (*I.T.A.*,

MANOR—(contd.)

1842, s. 60, *Schedule A*, No. II, Rule 4.) No allowance may be made in respect of the cost of collecting the dues. (*Duke of Norfolk v. Lamarque*, 1890.) Manors extending into more than one parish may be charged in the parish where the court for such manor has usually been held. (No. IV, Rule 1.)

MANUFACTURES.

The profits of manufactures are assessable under Case I of Schedule D, on the average of the three preceding years as explained in Chapter III. They are directed to be charged at the place of manufacture, and not at the place of sale (*I.T.A.*, 1842, s. 106), but a company is undoubtedly assessable at its registered office, where it may be said to carry on its business by reason of the seat of management being located there.

MARINE INSURANCE.

A difficulty arises in the assessment of the profits of a marine insurance business in that the profits are not known until the third year after a policy is issued. This difficulty is avoided by either of the following methods—

(a) Regard the profits of the year *for* which the accounts are just closed as being the profits of the year *in* which they are closed, *e.g.*, base the 1914 assessment on the average profits of 1909, 1910, and 1911, for which years the books were closed in 1911, 1912, and 1913 respectively; or

(b) Charge losses incurred in years after that in which the insurances were undertaken, against the receipts of the year in which such losses are ascertained; under this system the assessment for 1914 will be based on the average profits of 1911, 1912, and 1913 of which the 1911 profits will be reckoned as follows—

Receipts in 1911 (say)	£10,000
General expenses in 1911	£1,000
Losses ascertained in 1911—	
1911 A/c	3,000
1910 A/c	4,000
1909 A/c	1,000
	9,000
Profit	£1,000

MARINE INSURANCE—(contd.)

Duty deducted from taxed dividends cannot be recovered even though the nett profits (including the dividends) fall short of the amount of such dividends, unless the whole operations of the company (including premiums, dividends and all other receipts, less expenses) result in a loss. (See Chapter IV as to this exception.)

MARINERS.

A mariner may be liable to income tax even if he is out of the United Kingdom during the whole year of assessment. (*Rogers v. Inland Revenue*, 1879.) This is the effect of the rule that all persons who have residences in this country are liable (a) on all profits arising in this country and (b) on such parts of profits arising abroad which are sent or brought to this country. (*I.T.A.*, 1853, s. 2.) If such a mariner is engaged and paid in this country the profits are deemed to arise here, but if not they are still assessable under (b). If a mariner has no residence in the United Kingdom and comes here for some temporary purpose only, and not with a view to establishing a residence (*I.T.A.*, 1842, s. 39), he is not liable to be assessed save on the amount of profits which arise in this country. Wages paid here under an agreement made here, would fall within that description. The question of residence is dealt with under RESIDENCE.

A master mariner employed by a company is not entitled to be assessed on his average profits (*I.T.A.*, 1842, s. 146, *Schedule E*). Other master mariners have this right. (*I.T.A.*, 1842, s. 100, *Schedule D*.)

MARKET GARDENS.

The profits of market gardens are assessable on the average which is applicable to trades. (See Chapter III.) When they are so ascertained the assessment should be made under Schedule B, but this is a matter of machinery immaterial to the person assessed. (*I.T.A.*, 1842, s. 63.) There is no liability to house duty in respect of a market garden occupied by a market gardener for the sale of the produce thereof in the way of his trade or business. (*H.T.A.*, 1851, s. 3.)

MARKETS.

Profits arising in respect of the rights of markets are assessable under the third rule of No. III, Schedule A (*I. T. A.*, 1842, s. 60), on the amount accruing during the year preceding the year of assessment. In other respects they are assessable under the rules applicable to trades. (*R. A.*, 1866, s. 8.)

See also under **CORPORATIONS** as to the assessments on public bodies owning such rights.

MARRIED WOMEN.

See under **HUSBAND AND WIFE**.

MEALS.

Expense incurred by a taxpayer in providing meals for himself while on business may not be charged against his profits. They are regarded as personal expenses, even although the exigencies of the business add to the normal cost of the meal. An employer is allowed to charge, however, the cost of meals provided for his employees as part of their remuneration. A person is assessable in respect of a monetary allowance received in lieu of food.

MEDICAL EXPENSES.

No deduction may be allowed from an assessment in respect of the cost of medical attendance, even though such attendance is made necessary by a mishap incurred in the course of business. "It does not follow that if a loss is in any sense connected with the trade it must always be allowed as a deduction. . . . I think only such losses can be deducted as are connected with it in the sense that they are really incidental to the trade itself." (*Lord Chancellor in Strong v. Woodifield*, 1906.) A mishap or disease is not incidental to a trade, but is a misfortune which may occur while the trade is being carried on.

If an employer provides medical attendance for his employees as part of their remuneration (or by way of contribution towards a National Health Insurance Benefit), he may charge his disbursements against his profits.

MILK DEALERS.

A milk seller is assessed under Schedule B on one-third of the annual value of his land if that land is sufficient to sustain all the

MILK DEALERS—(*contd.*)

cattle kept by him. In such a case the rules stated under **FARMERS** apply. Where, however, he keeps more cattle than can be sustained by the lands, the commissioners may assess him on the amount by which his profits in the preceding year exceed the Schedule B assessment. (*I.T.A.*, 1842, s. 100, *Schedule D, Case III, Rule 3.*)

MINES.

Mines are assessable on the average profits of the five years preceding the year for which the assessment is to be made. (*I.T.A.* 1842, s. 60, *Schedule A, No. III.*) They are chargeable according to the rules prescribed by Schedule D, so far as they are consistent with the rules of Schedule A, No. III. (*R.A.*, 1866, s. 8.) In practice a mine is assessed as any other trade concerns, except for the average indicated and for the fact that the charge is required to be made where the mine is situated, and not at the registered office of the company which owns it. The profits and losses of several mines owned by one person or concern may be aggregated and assessed in one sum in the parish where the greatest amount is chargeable. (*I.T.A.*, 1842, s. 60.) The provisions relating to adjustments on the ground of loss due to a specific cause (see under **SPECIFIC CAUSE**) are applicable to mines (*e.g.*, in the case *Ryhope Coal Co. v. Foyer*, 1881); so also are the enactments cited under **LOSS, NEW BUSINESS and CESSATION**. (A mine is referred to as a "concern in the nature of trade chargeable under Schedule A."—*R.A.*, 1863, s. 22.)

No allowance may be claimed in consideration of the exhaustion of a mine, neither may the cost of pit-sinking be set against the profits. ("The making of a new pit is an expenditure of capital. Rule 3, Case I, provides that no sum shall be set against profits on account of any sum employed or intended to be employed as capital in such trade."—*Lord President* in the case *In re Addie & Sons*, 1875, confirmed in *Coltness Iron Co. v. Black*, 1881.)

The question sometimes arises as to what constitutes pit-sinking in this sense. In *Morant v. Wheal Grenville Mining Co.*, 1894, Wright, J., remarked as follows: "One can very well imagine in cases of mines where the minerals lie at shallow depths and where it was necessary to open them out from time to time frequently by

MINES—(*contd.*)

shallow shafts, that in those cases it might well be that the sinking of shafts would be properly treated as part of the ordinary working expenditure. On the other hand, you have a case where a large area of ground has been worked from one shaft, and it is apprehended that it will soon become impossible to work any further from that shaft and a new mine, so to speak, must be opened by a new shaft altogether." The inference is that the preparation of a way through the earth through which the exact situation of the minerals may be reached, is not an operation whose cost may be set against profits. The cost of the removal of earth and the extraction of minerals, where such minerals are close at hand, may be regarded as a trading expense. In a recent case (*Bonner v. Basset Mines, Ltd.*, 1913) it was held that the cost of deepening a shaft may not be allowed as a deduction from the assessable profits. The judge remarked that "the old mine had become practically, if not wholly, exhausted, and the Basset Mines, Ltd., by lengthening this shaft to the considerable extent they did, were in effect opening up a new mine in the same way as if they had started a fresh shaft."

Two cases of moderate importance may be mentioned. In *Broughton and Plas Power Coal Co., Ltd. v. Kirkpatrick*, 1884, it was held that a mine is assessable on its full profits without a deduction in respect of such portions of the royalties as were retained by the lessee in order to recoup himself for previous years' payments of dead rent in excess of the royalties due in those years. In *Hill v. Gregory*, 1912, it was decided that a colliery was not entitled to deduct tax from a payment of rent for the lease of minerals under certain ground (the surface of which was let to a farmer), which minerals had not in fact been the subject of any mining operations. The determining considerations were (a) that the colliery did not "occupy" the subject leased, and therefore, the provisions for the deduction of tax under Schedule A did not apply, and (b) that the deduction of tax from such a payment was not within the provisions of Schedule D. The rent was chargeable on the recipient under Schedule A, No. II, Rule VI.

MINORS.

The income of a minor is subject to taxation in the name of the

MINORS—(contd.)

trustee, guardian, etc., having the direction or control of the income of such minor; in such a case the trustee is required to make the returns and payments which would be required if the income were his own. (*I.T.A.*, 1842, s. 41 and s. 53.) There is nothing to prevent a minor from being charged in his own name when his property or other source of income is under his own control.

Exemption or abatement may be claimed where the income of a minor is below the limits. (See under **ABATEMENT** and **EXEMPTION**.) Such a claim should be made by a trustee in the circumstances first referred to under this heading, or in other circumstances by the minor. No claim may be made in respect of income in which the minor has a contingent interest only, except on such portion as is expended on his maintenance, etc., under legal sanction. Thus, if certain shares, with the accumulated income therefrom, are bequeathed to a person subject to his reaching the age of twenty-one years, it is obvious that the dividends may prove not to be the property of the minor in question. No claim may be made, therefore, except by the minor when he reaches the stipulated age, and unfortunately even in this case the law restricts his claim to the past three years. (*I.T.A.*, 1860, s. 10.)

MINISTERS.

See under **CLERGYMEN AND MINISTERS**.

MISSIONARIES.

Any person who is employed in the service of any missionary society abroad is relieved from the operation of the rule which prevents persons not resident in the United Kingdom from claiming exemption, abatement, the earned income relief, or an allowance in respect of children or life insurance premiums. (This rule is stated under **NON-RESIDENTS**.) Such a missionary may claim any of these allowances to which he is otherwise entitled, but his total income from all sources must be taken to include any income on which tax is not chargeable as well as income on which duty should be assessed. (*F.* (1909-10), *A.* 1910, s. 71.) The effect of the last mentioned condition is, that all foreign or colonial income must be included on the claim to relief. Such income will not become chargeable by reason of this provision, but it may so increase the

MISSIONARIES—(contd.)

total income as to render certain of the allowances inapplicable to the case of the claimant.

MONEY-LENDERS.

A money-lender's assessment provides an exception to the rule that all interest received is assessable as such, without any deduction whatsoever. Money lending may undoubtedly constitute a trade, in which case the trader's loans do not represent investments, and the interest thereon is the profit of a trade. This follows from the decision in *Smiles v. Australasian Mortgage and Agency Co., Ltd.*, 1888, where a wool-broker's company which granted temporary advances on the security of wool, etc., was allowed to regard the interest received as part of its trading profit. A judge illustrated his view of the law by reference to a banking company which (a) received interests and discounts in the ordinary way of business, and (b) received interest on its investments. Interest received under (a) was stated to be assessable under Case I, Schedule D, after the expenses of trade had been deducted; but interest received under (b) to be assessable under Case III, Schedule D (or Case IV if remitted from abroad) on the full amount received.

It has also been held that where a person or company lends money as a trade, any losses of the money lent may be charged as trade expenses. (*Reid's Brewery Co., Ltd. v. Male*, 1891.)

A money-lender's income tax statement will, therefore, take the following form—

Sums received from clients during the year— (including principal and interest)	£10,000	
Value of debts owing at the end of the year	6,000	
		£16,000
Value of debts at the commencement of the year	4,000	
Sums advanced during the year	9,000	
		13,000
	Gross profit	£3,000
Office and other expenses		1,000
	Nett profit	<u>£2,000</u>

MORTGAGE INTEREST.

Mortgage interest is "annual interest," from which the payer may deduct tax at the rate, or proportion of rates, in force while

MORTGAGE INTEREST—(contd.)

the payment was accruing. He will have no allowance from his assessment in respect of such interest, but will recoup himself by making the deduction referred to. Thus, if his house is assessed at £35 nett, and he pays £10 interest a year, he will pay tax on £35, of which he will receive tax on £10 from the mortgagee, leaving tax on £25 to be borne by himself. If the payer is exempt he will still be required to pay tax on £10, which he will recover as shown. If the mortgagee is exempt he must still allow the deduction, but may claim repayment. He should obtain Form 185 from the surveyor of taxes and get the mortgagee to complete it. (See page 68.)

Any contract for the payment of such interest without the deduction of tax is declared void (*I.T.A.*, 1842, s. 104), and any person declining to allow the deduction is liable to heavy penalties. (*I.T.A.*, 1842, s. 103.)

See also under DEDUCTION OF TAX ; INTEREST.

MOVABLE SUBJECTS INCLUDED IN A LEASE.

See under FIXTURES.

MUNICIPAL CORPORATIONS.

See under CORPORATIONS.

MUSICIANS.

See under BANDSMEN.

MUTUAL ASSOCIATIONS.

See under CO-OPERATIVE SOCIETIES, COMBINES, and INSURANCE COMPANIES.

See under CHARITIES for the case of *Linen, etc., Institution v. Inland Revenue* (1887).

NEW BUSINESS.

A new business is assessed (a) in the financial year in which it commences, on a fair average or proportion, as approved by the commissioners, (b) in the first complete financial year, on the profits of the first year of the concern ; (c) in the second financial

NEW BUSINESS—(contd.)

year, on the profits of the first year of the concern; (d) in the third financial year, on the average of the profits of years (b) and (c); in subsequent years, on the average of the profits of the three preceding years. (*I.T.A.*, 1842, s. 100.)

The person assessed has an option as regards one or all of periods (b), (c) and (d) of being charged on the actual profits of the year of assessment. He should make a claim at the end of the year in question and without delay. The adjustment may be claimed in the case of a profession, trade or vocation—not in the case of an employment. (*F.A.*, 1907, s. 24 (2).)

It should be noted that the provisions referred to above deal with a new business, and not with an old business which has come into new hands. (See under **CHANGE OF PROPRIETORSHIP** as regards the latter.) For the rules in detail and for specimen adjustments, etc., see Chapters III and IV.

NON-RESIDENTS.

A person who is not resident in the United Kingdom is liable to assessment in respect of any income which arises in this country. He is chargeable in the name of the agent who has the receipt of such income in the United Kingdom. (See under **RESIDENCE** for a detailed consideration of this rule; see also under **FOREIGN** for other headings under which the subject is dealt with.)

With few exceptions, a person who is not resident in the United Kingdom may make no claim to exemption, abatement or relief which depends wholly or partially on his or her total income from all sources. (See under **RESIDENCE** as to what constitutes residence in the United Kingdom—the meaning of the term is not self-evident in this case.) The following allowances are included within the prohibition: exemption (allowed to incomes not exceeding £160); abatement (allowed to incomes not exceeding £700); earned income relief and the relief now allowed to small unearned incomes; life insurance premium deduction (allowed on an amount up to one-sixth of the total income); allowance in respect of children under sixteen (in the case of incomes which do not exceed £500).

Exceptions are made in the cases of: a person who is or has been in the service of the Crown; a person who is employed abroad in the

NON-RESIDENTS—(contd.)

service of a native state in the protectorate of the British Crown; a person who is a resident in the Isle of Man or Channel Islands; a person who satisfies the Board of Inland Revenue that he is resident abroad for the sake of health; a widow in receipt of a pension chargeable with income tax which was granted to her in consideration of the employment of her late husband in the service of the Crown. (*F.* (1909-10) *A*, 1910, s. 71 (1); *R. A.*, 1911, s. 12.)

A non-resident is not required to pay tax in respect of income which arises from foreign or colonial securities. Where tax has been deducted from such incomes by reason of payment being made through an agent or other person in the United Kingdom, the non-resident who has suffered tax may claim repayment within three years of the end of the year of assessment. Application should be made to the Board of Inland Revenue, Somerset House, London, W.C. (*F.* (1909-10) *A*, 1910, s. 71 (2); *F. A.*, 1914, s. 11.) Where foreign or colonial securities are held under a trust, and the person who is the beneficiary in possession is the sole beneficiary in possession, and can call upon the trustees at any time to transfer the securities to him absolutely free from any trust, that person is deemed to be the person owning the securities and may claim the repayment referred to. (*R. A.*, 1911, s. 13.)

NURSERIES.

A nursery comes within the provisions relating to MARKET GARDENS. See under that heading. (See also under GLASS-HOUSES.)

OBSOLESCENCE.

If a machine in respect of which a depreciation allowance has been made is scrapped as obsolete, a deduction may be made from the profits of the year in which it was scrapped, equal to the written down value of that machine. The value of the machine in question will be excluded from future calculations of the depreciation allowance due, as is shown in the illustrations given under DEPRECIATION.

The following example will illustrate the deduction in respect of obsolescence. A company's machinery has a written down

OBSOLESCENCE—(*contd.*)

value of £12,000 and includes a certain machine which cost £1,000 in 1900 and was scrapped as obsolete in 1913. The machinery has been written down at 5 per cent. per annum. The company's profits may be assumed to be £7,000 in 1911; £6,500 in 1912; £7,500 in 1913 (apart from the claim to an allowance for obsolescence). The written down value in 1913 of a machine which cost £1,000 in 1900, reckoning at 5 per cent. for thirteen years, is £513.

1911	Profit	..	..	..	..	..	£7,000
1912	"	..	..	..	..	..	£6,500
1913	"	£7,500	less	W/D	value of	obsolete machine, £513	 £6,987
							3)20,487
Average for assessment 1914-15							<u>£6,829</u>

Where a machine is sold no allowance is made from profits, if the facts present evidence that the machine is not obsolete.

OCCUPIER.

The occupier of lands or tenements is declared to be the person having their use. (*I.T.A.*, 1842, s. 63, *Schedule A*, No. IX.) For practical purposes the word may be given its ordinary meaning so far as houses and lands are concerned. An occupier is assessable (1) to tax under Schedule A (property tax), which tax he deducts from his next payment of rent; (2) to tax under Schedule B in the case of lands in respect of his own profits from those lands, which tax he must bear himself; (3) to inhabited house duty in the case of a dwelling-house of £20 or more in annual value, which also will fall to be borne by himself.

See also under **LANDLORD** for cases in which he is deemed to be the occupier; see also under **TENANT**.

OFFICE EXPENSES.

Office expenses are allowable as deductions from assessable profits provided that they are within the strict meaning of that term. Any disbursements on account of new fittings, tables, typewriters, etc. (not being renewals), or in respect of the principal's meals or other personal expenses, must be disallowed.

OFFICIALS.

An official of a society, company or public body is assessable under Schedule E on the actual amount of his remuneration during the year of assessment. (See under SCHEDULE E for the rules of assessment; see also under EMPLOYEES.) The word "official" includes all employees except workmen, factory or workshop employees and similar wage-earners. In its more restricted sense it includes directors, secretaries, managers, heads of departments, and other employees holding distinctive positions. The average system of assessment cannot extend to the last-mentioned group except (sometimes) as regards commissions, etc.

Officials of collegiate or caputular bodies who are members of that body and receive remuneration from its taxed income are not themselves liable to assessment in respect thereof. Officials who are not members of the body are liable to taxation in respect of their remuneration, from whatsoever source it is paid. (*Langston v. Glasson*, 1891.)

OMISSION TO DEDUCT TAX.

It frequently happens that a person omits to deduct tax at the time when he has the right to do so. There is no remedy provided in the Income Tax Acts, and the Courts have taken various views on the subject. We give below seven typical decisions on applications for the refund of tax omitted to be deducted or for authority to make rectifying deductions in the future.

In 1885 the High Court declined to make an order for a Building Society to refund tax omitted to be deducted from interest paid to the Society. The Court was no doubt influenced by the fact that the right to deduct tax at all from payments of the nature in question was only determined in the same case as that in which the application for refund was argued. (*Re Middlesbrough, Redcar, etc., Building Society; ex parte Wythes.*) The Scotch Court, also, refused to order an allowance to be made in respect of tax omitted to be deducted from payments of interest to a Building Society. The Court was not unanimous, but the majority of the judges were of opinion that "it would be unsafe, in dealing with so artificial a system as that set up by the Income Tax Acts, to step beyond

OMISSION TO DEDUCT TAX—(contd.)

what the statute itself enacts." (*Galashiels Provident Building Society v. Newlands*, 1893.)

The three succeeding cases have reference to the deduction of tax from annuities. In *Warren v. Warren* (1895), the High Court decided that tax might be deducted from an annuity paid under a deed drawn out to carry into effect a previous order of the Court, but that the tax omitted to be deducted before the case was brought could not be deducted from future payments. In *Countess of Shrewsbury v. Earl of Shrewsbury* (1906), the High Court refused to order a deduction which should have been made from earlier payments of the annuity in question. Where, however, the trustees of an estate paid annuities therefrom without deducting tax, the High Court held that their omission was a breach of trust, and that they must make good to the estate the sums which should have been deducted for all years not covered by the Statutes of Limitation. (In *re Sharp*. *Rickett v. Rickett*, 1906.)

In 1903 the Scotch Court ordered the lessor of a mineral field to make good to the lessee all sums which the latter might have deducted by way of income tax from royalties paid by him. The majority of the judges took the view that the provision allowing the deduction of tax from each payment of royalties was for the protection of the lessee, and that he did not lose thereby what would be his right if such provision did not exist. (*Agnew v. Ferguson*.) For many years it appeared that a tenant had a right to deduct tax paid under Schedule A from his *next* payment of rent only. (*Cumming v. Bedborough*, 1846.) In 1912, however, the High Court allowed the receiver of a company to deduct from future payments of rent an amount of income tax which he should have deducted from a previous payment. (In *re Sturmev Motors, Ltd.*, *Ratray v. Sturmev Motors, Ltd.*)

OPTIONS.

It has been held that the word *profit* denotes "something acquired which can be turned to pecuniary account." (*Lord Watson in Tenant v. Smith*, 1892.) If, therefore, a person is granted an option of any sort for services rendered or in the course of trade, and that option has a monetary value, he is assessable therefor on the amount

OPTIONS—(contd.)

of such value. The only difficulty is to ascertain that value. If he disposes of it for what he can get, the selling price should form the basis of the assessment. If he does not, or even cannot, dispose of it at once he may yet become liable. Thus, a trader who receives in payment for his goods a doubtful bill of which he cannot dispose at the time, must yet include in his profits any sum for which he realises it at a later date. However, in the case of an option it is not convenient either to the subject or to the Crown that the matter should be held over indefinitely, and the local commissioners usually exercise their right and set a value on the option after a reasonable period (say three years). The person assessed must then pay the duty charged and is relieved of any possible further liability. He has, of course, full right of appeal in such a case, but the decision of the local general commissioners is final.

It may not be contended that because a person retains shares, etc., acquired under the option there is no liability. If he has an option of purchasing 2,000 shares at £1 and does so, the market price being £3 at the same date, his profit for income tax purposes (as in any other respect) is £4,000 less any expenses necessarily and exclusively incurred in acquiring or exercising the option. A person does not relieve himself of liability by making a gift of the option to another person.

OWNERS.

See under **LANDLORDS**.

OYSTER BEDS.

The profits arising from an oyster bed are assessable on the profits of the year preceding the year of assessment. They are assessable under the rules of Schedule D relating to trade profits, so far as they are not inconsistent with the rules of Schedule A, No. III. (*I.T.A.*, 1842, s. 60; *R.A.*, 1866, s. 8.) The main features of the assessment are (a) the inapplicability of the average system of assessment, and (b) the assessment on the profits to include the amount of any rent paid, the tenant being entitled to deduct tax when paying such rent. There is reckoned to be no "stock on hand" in the way of sperm at the end of the year. The value of the sperm is unascertainable, and is therefore ignored.

PAPER PROFITS.

Profits are assessable whether they are received in money or in shares. In *Californian Copper Syndicate v. Harris*, 1904, a judge commented as follows on a plea that value paid in shares could not constitute profit: "It was said that the profit was not realised profit, and, therefore, not taxable. I think the profit was realised. A profit is realised when the seller gets the price he has bargained for. No doubt here the price took the form of fully paid-up shares in another company, but if there can be no realised profit except when that is paid in cash the shares were realisable and could have been turned into cash, if the appellant had been pleased to do so. I cannot think that income tax is due or not according to the manner in which the person making the profit pleases to deal with it. Suppose, for example, a seller makes a profit on a trade transaction, but leaves the price (including the profit) in the hands of the buyer at so much per cent. interest. That he so deals with it, rather than take the cash into his own pocket, would not affect the claim of the Revenue for the tax payable on the profit. No more, in my opinion, does it affect the liability for the tax that the appellants left their profit in the hands of the company they sold to, and took the company's shares as their voucher."

See under PROMOTION PROFITS for a practical illustration.

PARTNERS.

See under FIRM'S ASSESSMENT and FIRM'S RETURN; also see Chapter VII for specimen returns of partners. As regards a change in partnership where the business is left substantially the same, see under CHANGE IN PROPRIETORSHIP. No adjustment may be claimed in any assessment on a firm by reason of the withdrawal of a partner, except in the circumstances stated under SPECIFIC CAUSE.

If a new partner is admitted into a business the liability of the firm should continue to be based on its three years' profits, except when the new partner brings with him a new connection, so that his entrance into the firm may be regarded as the combination of two businesses or the absorption of one business by another. In these circumstances the firm's assessment should be based on the sum of the average profit of the two concerns. Thus, if two businesses

PARTNERS—(contd.)

(of A and B) are united as from 1914, the assessments on the firm will be as follows—

1914 assessment—

A's profit, 1911, 1912, and 1913, plus B's profit, 1911, 1912, and 1913

3

1915 assessment—

A's profit, 1912 and 1913, plus B's profit, 1912 and 1913, plus the firm's profit, 1914

3

Where none of the partners of a firm which trades in the United Kingdom is resident in this country, the return is required to be made by the agent, manager or factor resident here. If the firm cannot be got at, duty may be assessed on its agent if he is in receipt of profits belonging to his principals. (*I. T. A.*, 1842, s. 100, *Cases I and II, Rule 3*; and s. 41.)

See under SHIPPING for a case of partnership in a ship. (*Farrell v. Sunderland Steamship Co., Ltd.*, 1903.)

PATENTS.

Money received in respect of the sale of a patent is assessable: (a) if the sale forms part of a trade, or (b) if the purchase price is received by way of annual payments. Where an individual sells several patents he may be regarded as carrying on a trade thereby, and any profits realised are assessable however they occur. Where the rights of a single patent are sold, the transaction being an isolated one, there is probably no liability to income tax unless the work necessitated by the invention of the patent may give ground for an opposite opinion. If the rights are sold in consideration of yearly royalties being paid, those royalties undoubtedly form annual profits within the third or sixth Cases of Schedule D.

A person who pays a royalty on a patent may make no deduction in his accounts in respect thereof. He is authorised, however, to deduct tax from every payment. If the royalties are paid out of profits charged to income tax, the deduction should be made at the rate or proportion of several rates in force while the payment was accruing. Tax deducted from royalties not paid out of profits charged should be at the rate in force at the date of payment. (*F. A.*, 1907, s. 25.)

PATENTS—(contd.)

It has been held that the prohibition of the deduction of patent royalties from the profits of the person paying them, does not extend to a case where he is not able to recoup himself by paying the royalties less tax. (*Lanston Monotype Corporation, Ltd. v. Anderson*, 1911.) In this particular case the royalties were paid before the law requiring the deduction came into force.

PAVING CHARGES.

The law on this subject may be explained by reference to a question asked in Parliament in June, 1913, and the answer thereto. A member asked if the Chancellor of the Exchequer could see his way to allow persons who possess property abutting on streets which have recently been made up under the Private Street Works Act to deduct the sum expended on such making-up from their return of total income for income tax purposes; and whether in cases where there are long flank frontages the amount payable in respect of making-up charges often amounted to more than a year's rental value of the property so charged.

The reply given was as follows: "The sums paid by owners for paving charges in cases where there are long flank frontages are frequently heavy in relation to the annual value of the property. Such charges, however, are in the nature of capital expenditure in respect of permanent improvements normally tending to advance annual value, and are not a proper deduction to be made in arriving at a person's income for the purposes of income tax."

PAYING GUESTS.

See under **APARTMENTS** and **LODGERS**.

Profits arising from paying guests are not very easily estimated and no fixed rules can be given. If a whole house is retained for the purpose of receiving them, the proprietor might subtract all payments from all receipts and add to the result (a) a proportion of the rent and rates (not less than one-third), and a fair proportion of the cost of lighting, heating, cleaning, washing, service, etc., in respect of the lodging, etc., of himself (or herself) and family; (b) the estimated cost of the food, etc., of the proprietor and family; (c) any other non-allowable expenses indicated in Chapter II.

PAYING GUESTS—(contd.)

Where the paying guests constitute a small portion of the household the calculation may best be restricted to (a) their payments less (b) the estimated cost of their board, service, share of rent, etc. No deduction may be made in respect of the services of the proprietor or his wife.

PAYMENT OF INCOME TAX.

Income tax is due on the first day of January, and the amount applied for on that day is intended to cover liability to the following 5th April. Assessments may be made within three years after that 5th April, however, and duty may therefore be applied for more than three years after the profits were earned, if for any reason an adequate assessment was not made at the time. Any duty charged by a late (or additional) assessment is due on the day after its collection is authorised by the signature of the local commissioners.

See also under **COLLECTION ; DISTRAINT ; RECEIPT.**

PENALTIES.

The following penalties are imposed for offences against the income tax acts—

On any person who gives or offers any sum of money to any person employed in relation to Inland Revenue, or proposes or enters into any agreement with such person to do, abstain from doing, conceal or connive at any act whereby the Crown may be defrauded, a penalty of £500 is imposed for each offence. It is provided that the offender who, before information is lodged against him, first informs against any other offender shall be acquitted of such fine. (*I.R.R.A.*, 1890, s. 10.)

On any person who ought to deliver a true and proper return and does not do so, a penalty not exceeding £20 and treble the duty ordinarily chargeable may be imposed by the local general commissioners, or a fine of £50 by a court of law. These penalties apply also to cases of failure to make the required return of employees. In case of failure to make a return of profits on the part of a person who proves that he is not chargeable, the penalty imposed may not exceed £5 for one offence. (*I.T.A.*, 1842, s. 55 ; *F.A.*, 1907, s. 21 and s. 22.) A person may voluntarily rectify any return

PENALTIES—(contd.)

which was inadvertently incorrect. (*I.T.A.*, 1842, s. 129; *dicta in Attorney-General v. Till.*)

On any person who makes a false return under Schedule A as to the value of any premises, or refuses or neglects to produce any lease or agreement, with intent to conceal such value, treble duty may be charged and a penalty of £20 may be imposed. (*I.T.A.*, 1842, s. 68 and s. 178.)

On any person entrusted with the payment of foreign annuities, dividends, etc., and not delivering an account thereof, a penalty of £100 may be levied. (*I.T.A.*, 1842, s. 96.)

On any person making a false claim to exemption, abatement, etc., or a double claim, a fine of £20 is imposed and treble duty on his whole income. (*I.T.A.*, 1842, s. 166.) Any person making a false claim to exemption of stock is liable to a penalty of £100 and to pay treble duty on the stock in question. (*I.T.A.*, 1842, s. 99.) The penalty for a false claim to an abatement for loss by floods is £50, and treble duty on the lands. (*I.T.A.*, 1842, s. 86.) Any person who makes a fraudulent claim under the Finance (1909-10) Act, 1910 (referring principally to super-tax, the earned income rate of 1s., and allowances in respect of children), is liable on summary conviction to be imprisoned for a term not exceeding six months with hard labour. (*F. (1909-10), A.* 1910, s. 94.)

On any person making a fraudulent appeal at the end of the year in respect of a loss incurred by him, the penalty imposed is £50. (*C. & I.R.A.*, 1890, s. 23.) Any person failing, when summoned, to appear as a witness on any appeal is liable to a penalty of £20. (*I.T.A.*, 1842, s. 125.) A penalty not exceeding £20 and treble duty is imposed on any person who neglects to deliver the schedule required by the commissioners on appeal. (*I.T.A.*, 1842, s. 128.)

Other penalties imposed are for obstructing an officer, £100; for defacing any church door notice, £50; for abetting a false claim, £50; for refusing to allow the deduction of tax from rent, interest, or other annual payment £50, or, in some cases, treble the principal sum.

Under the *Perjury Act*, 1911, s. 5, the making of any statement which is false in a material particular, in any statutory declaration, account, estimate, notice, return or other document or oral

PENALTIES—(contd.)

declaration or answer authorised or required to be made under any public general Act of Parliament, is made a misdemeanour and is punishable by imprisonment, with or without hard labour, for any term not exceeding two years. This is in addition to the fines referred to above.

Proceedings for the recovery of any fine or penalty may be commenced within three years after it is incurred. (*F. A.*, 1907, s. 23.) All penalties not exceeding £20, and such penalties exceeding £20 as are directed to be added to assessments, are recoverable before the local general commissioners where the offence was committed. (*T.M. A.*, 1880, s. 21.) Other penalties are recoverable in the High Court. (*T.M. A.*, 1880, s. 111.)

PENSIONS.

A pension given in respect of past services is assessable to income tax. The "earned income relief" may be allowed if a claim is made in time, and the total income of the recipient does not exceed the limit. (See under EARNED INCOME.) A pension given to a woman in respect of the past services of her husband, or to any person in respect of the past services of his or her parent are also within the term "earned income." The fact that a person has contributed to a pension is not material. (*F. A.*, 1907, s. 19.)

See also under SUPERANNUATION.

PERQUISITES.

The perquisites of any employment are assessable to income tax, providing that they are paid in money or are capable of being turned into money. (*Tennant v. Smith*, 1892.) The perquisites of an employment assessed under Schedule E are distinguishable from the salary or stipend of such employment in that they may be assessed on the amount received in the preceding year, or on the average receipts of the past three years. (The salary is assessable on the amount payable during the year of assessment, except as stated under EMPLOYEES.)

Perquisites are defined as "such profits of offices or employments as arise from fees or other emoluments and are payable either by the Crown or the subject." (*I.T. A.*, 1842, s. 146, *Schedule E*,

PERQUISITES—(contd.)

Rule 4.) It would seem that the framers of the rule had in mind certain employments under the Crown in respect of which fluctuating fees, etc., were receivable (*e.g.*, a legal appointment to which various fees were attached). As the rules of Schedule E are held to apply to the officials of a trading company, it is convenient to regard the definition as covering similar payments receivable in such cases. In this way sanction is given for the assessment of bonuses, etc., on the amount payable for the previous year or on the average amounts payable for the three years preceding. (See also under **BONUSES** and **EASTER OFFERINGS** as to their liability to assessment.)

PERSONAL EXPENSES.

No deduction may be made in the accounts of a person assessed to income tax in respect of any sum expended for any domestic or private purpose, or of any sum not wholly or exclusively laid out or expended for the purposes of the trade or profession assessed. (*I.T.A.*, 1842, s. 100, *Schedule D, Cases I and II, Rule 1.*) This prohibition extends to the rent of a dwelling-house or apartment, the cost of food and clothes, the expenses of travelling to a place of business, and also to income tax paid. (See under **BUSINESS PREMISES** ; **CLOTHES** ; **MEALS** ; **TRAVELLING** and **FAMILY EXPENSES**. Also see Chapter II for particulars of adjustments necessary in a trader's accounts so that the rule referred to may be observed.)

PIT-SINKING.

See under **MINES**.

PLACE OF ASSESSMENT.

See under **ASSESSMENT**.

PLANT.

See under **MACHINERY**.

PLANTATIONS.

The principles on which rubber and other plantations should be assessed are of increasing importance. The chief points of interest are the treatment of the losses which occur in early years and the position, with regard to income tax, of a company which sells for cash or shares a part or the whole of its estate.

PLANTATIONS—(contd.)

The question of the losses of early years has been considered in the Scotch Court in the case of the *Vallambrosa Rubber Co., Ltd. v. Farmer*, 1910. The Crown contended that the full expenses of the early years during which the greater part of a new plantation is unproductive may not be considered as expenditure incurred in trading. The argument advanced by the Crown lawyers was summarised by the Lord President (who rejected it) as follows: "They said this: The rubber tree, it is admitted, is not commercially valuable until it is six or seven years old. They said: We find from your own admission that at present, in this year, only a seventh of your rubber trees are in full bearing, and therefore, they say, we shall hold that only one-seventh of these expenses can be expenses of the ordinary business and as such deductible, and that the other six-sevenths are not deductible." The *Lord President* decided against this view, commenting, "When you come to think of the expense in this particular case that is incurred, for instance, in the weeding which is necessary in order that a particular tree should bear rubber, how can it be possibly said that it is not a necessary expense for the rearing of the tree from which alone the profit eventually comes? . . . When the year comes when the tree produces, the only deduction will be the amount which has been spent on the tree in that year; they will not be allowed to deduct what has been deducted before." The only point remained, therefore, to distinguish between capital expenditure, which by its nature is prohibited from being charged against profits, and bona fide trading expenses which may be so charged. The company first claimed a deduction in respect of (a) cleaning, draining, and making roads and drains, as well as in respect of (b) the general expenditure incurred in weeding, superintending and managing the plantation. The Court distinguished between (a) and (b), the Lord President remarking: "In a rough way I think it is not a bad criterion of what is capital expenditure as against what is income expenditure to say that capital expenditure is a thing that is going to be spent once and for all, and income expenditure is a thing that is going to recur every year." Lord Johnson adopted this principle, and applied it to the facts as follows: "It appears to me that the trade, manufacture, adventure or concern of the company, is the

PLANTATIONS—(contd.)

cultivation and production for sale at profit of rubber and other tropical products. For this purpose land had to be acquired, cleared and drained, roads made and buildings erected, before the cultivation began. What was expended for these purposes was, I think, capital expenditure, and not, in the sense of the Income Tax Act, money laid out and expended for the purpose of the trade, etc. But once the cultivation began with the planting, expenditure on cultivation, production and marketing, was, I think, revenue expenditure for the purposes of the trade, etc."

The following items of expenditure were allowed as deductions from profits: superintendence, stores, medical, nurseries, and seeds, lining and cutting pegs, weeding, cattle-keepers, pests, weeding watchmen, cutting out rubber, tapping, and home management expenses. It should be noted that these deductions were allowed on the express ground that the charges in question were of a recurring nature.

The following items of expense are regarded as pertaining to capital and no deduction is allowed therefor: clearing, draining, and making roads and drains. To these must be added the well-defined capital outlay of the company, *e.g.*, cost and freight of machinery, purchase of land, cost of buildings, railways, hospitals, etc.

Having correctly estimated profits and losses, as shown in the following example, the income tax liability will be as stated.

EXAMPLE. A plantation company incurred losses of £7,000 in 1908, £8,000 in 1909, £7,000 in 1910, £6,000 in 1911, £3,000 in 1912; its profits are £4,000 in 1913, £13,000 in 1914, £30,000 in 1915.

Average profit or loss (for income tax purposes)—

1908	..	Loss	£7,000	
1909	..	"	7,000	
1910	..	"	7,500	(average of £7,000 and £8,000)
1911	..	"	7,333	(£7,000, £8,000, and £7,000)
1912	..	"	7,000	(£8,000, £7,000, and £6,000)
1913	..	"	5,333	(£7,000, £6,000, and £3,000)
1914	..	"	1,666	(£6,000, £3,000 losses, and £4,000 profit)
1915	..	Profit	4,666	(£3,000 loss, £4,000 and £13,000 profit)
			Etc.	etc.

The system of averaging profits or losses is dealt with in Chapters III and IV. It should be noted, however, that no losses incurred

PLANTATIONS—(*contd.*)

earlier than 1912 may enter into the calculation of the 1915 assessment—*vide* the Lord President's judgment quoted above. It is explained under DEPRECIATION, that if the company has proved its title to a deduction in respect of the wear and tear of its machinery as from 1908, that deduction would accumulate while there were no assessments, and would be allowed in 1915 and subsequent years until all arrears had been allowed for. In many cases the tropical climate renders the life of the machinery very short, and a larger rate of depreciation than usual (sometimes as much as 10 per cent.) may with justice be claimed.

A company which sells its plantation or a part thereof to a second company, is liable to be assessed on the value received, *if it appears that the sale was in the course of its trading*. The objects for which the company (*i.e.*, the first company) was formed, as revealed in its articles of association, are regarded as important matters for consideration in determining this question. But it must be remembered that most companies retain for themselves very extended rights in such documents. A rubber company's articles may well express its intention to make any sales of land which may appear advisable, without the company intending to trade in land. A more convincing circumstance would be the company's actually having sold estates more than once, or its not having done so. The note which appears under SYNDICATES may be of use in this connection.

Temporary buildings of that very light character which are erected on a tropical plantation have some claim to be regarded as utensils, implements, etc., in respect of the renewal of which a deduction may be allowed. This claim should in any case be restricted to light structures which cost practically nothing to erect, the only expense of any moment being the cost of materials, etc.

POOR RATE.

See under RATES.

PRELIMINARY EXPENSES.

Disbursements shown in a company's accounts as preliminary expenses are invariably of such a nature that they may not, for

PRELIMINARY EXPENSES—(*contd.*)

income tax purposes, be set against the subsequent profits of trade. Even when they are written off out of profits they remain an expense on account of capital, and no deduction may be made for assessment purposes. Commissions paid to brokers, etc., in respect of the issue of debentures were held to be inadmissible deductions (*Texas Land and Mortgage Co. v. Holtham*, 1894) and the cost of obtaining the original capital of a company or of otherwise setting it going present still stronger reasons for inadmissibility. Included in the term under notice are registration expenses, the cost of issuing a prospectus, of preparing a memorandum of association, of securing premises, etc., etc.

PREMISES.

See under ANNUAL VALUE ; BUSINESS PREMISES ; LANDLORD ; REPAIRS ; TENANT.

PREMIUM FOR LEASE.

A trader may make no charge against his trade profits in respect of a premium paid for the lease of business premises, neither may he make any deductions from his profits in consideration of the gradual exhaustion of the lease. "Diminishing capital or exhausted capital cannot be brought into your profits and gains when making out your accounts." (*Smith, J.*, in *Gillatt and Watts v. Colquhoun*, 1884, rejecting a claim to the deduction referred to.) Further, he may not make a deduction for ground rent or other rent, as he recoups himself for tax on such items by deducting a corresponding amount from all payments thereof. (See under GROUND RENT.) The charge which a trader should make in respect of business premises leased to him is the amount of the assessment thereon under Schedule A (property tax). The proper method is to deduct from the profits the amount of the gross assessment, and to make no charge in respect of repairs. (The cost of repairs falls on the trader in the capacity of leaseholder and not of trader.) The local commissioners will usually allow a trader to deduct the amount of the nett Schedule A assessment, and also the actual cost of repairs, provided that this system is kept to each year.

See under LICENSED PREMISES as regards a brewery company and its tied houses.

PREMIUMS.

See under FIRE INSURANCE ; LIFE INSURANCE ; PREMIUM FOR LEASE.

PRINTERS.

A printer's type is included within the term "implements, utensils, or articles employed for the purposes of trade" in respect of the "supply, repairs or alteration" of which a trader may make a deduction from his profits. The cost of new type may be charged, and if this is done there is, of course, no need to make a deduction in respect of type expended or discarded.

Printing and cutting machines, etc., are subjects of the allowance for wear and tear dealt with under DEPRECIATION.

PRIVATE SECRETARY.

The salary of a private secretary may be charged against assessable profits only so far as that secretary is used in the course of the profession or business in question, and then only if he is necessarily so used. The expense is admissible for income tax purposes in such cases as those of an author's typist, etc., or a professional or business man's *personal* clerk (necessarily engaged in the affairs of the profession or business). Where a director or other official of a company, or an employee in any other concern, engages a private secretary at his own expense, and not at the stipulation of his company or employer, the salary of such a secretary is not regarded as an expense necessarily incurred in the performance of duties. It rather comes under the prohibition (indicated under SUBSTITUTE) placed on the deduction of the expense incurred in securing a substitute or assistant for the performance (in part or whole) of the duties in respect of which the remuneration assessed is payable. No deduction may be made in respect of the expense of a private secretary to a member of Parliament, or to an owner of property assessed under Schedule A.

See also under SECRETARIES.

PROFESSIONS.

The profits of a profession are assessable under Case II of Schedule D (*I.T.A.*, 1842, s. 100) on the following averages (*I.T.A.*, 1853,

PROFESSIONS—(*contd.*)

s. 48): (a) in the financial year in which it is set up, on a fair basis approved by the commissioners; (b) in the first complete financial year, on the first year's profits of the profession; (c) in the second year, again on the first year's profits; (d) in the third year, on the average profits of the first and second years; (e) in the fourth and subsequent years, on the average profits of the three preceding years. The average system and the exceptions thereto are dealt with in Chapters III and IV.

See also under DEDUCTIONS; FIRM'S ASSESSMENT; FIRM'S RETURNS and PARTNERS for the subjects indicated; also the rules for income tax adjustments contained in Chapter II. It should be remembered that the profits assessable are the profits *earned* (irrespective of the date of payment) less a deduction for ascertained bad debts. The adjustments of specimen accounts based on cash transactions only are given in Chapter II.

PROFITS.

Income tax is a charge on profit, that is to say, a charge on what is deemed to be profit by the taxing Acts as they have been interpreted by the Courts. The legal idea of profit is as near to the current commercial idea as it can be brought, but two circumstances have caused a clear distinction to grow up between them: first, the necessity of distinguishing profit from a mere increase of capital, so that the charge may be confined to the former; secondly, the necessity of creating a standard by which profit should be measured, so that the equity of the charge may be unaffected by the various systems of book-keeping adopted by various traders. The standard last referred to is enforced by a series of rules stating what deductions may and may not be made from a trader's receipts. These rules will be found under DEDUCTIONS, but the matter first mentioned falls to be dealt with here. The question for consideration is: "What is profit, within the meaning of the Income Tax Acts?"

Unfortunately no strict definition has been or can be given. In the first instance the Acts assume that there can be no difficulty as to the meaning of this word. The charging section of Schedule D (*I. T. A.*, 1853, s. 2) extends to "the annual profits or gains" arising (a) to a resident of this country, from property and profits situated

PROFITS—(contd.)

or arising here or abroad, and (b) to a non-resident, from property and profits situated or arising in this country. Schedule D is then divided into six classifications of income according to source, termed "cases." Case I includes the profits of any trade, manufacture, adventure or concern in the nature of trade not contained in any other Schedule. Case II refers to the profits of professions, employments or vocations not contained in any other Schedule. Case III covers profits of an uncertain value not charged in Schedule A, and also interest. (Interest is a separate subject of charge, and is assessable irrespective of any question of profit or loss—see under INTEREST. No further reference will be made to interest in the present notice.) Cases IV and V extend to foreign profits accruing to residents here, and not chargeable under Schedule C. Case VI provides for the assessment of any annual profits or gains not falling under Cases I to V, or under any other Schedule. The constant reference to other Schedules will have been remarked. These Schedules (A, B, C, and E) have each their subjects of charge, but Schedule D is so framed as to include any profit which does not fall within them. The subjects charged under Schedules A, B, C, and E are clearly defined.

Schedules A and B refer to the income arising from the ownership and occupation (farming, etc.) of lands and tenements, etc., within this country. Schedule C includes annuities, dividends, etc., arising out of any public revenue. Schedule E includes the remuneration of officials of public bodies, societies, companies, etc. These rules are clear and sharply defined, but difficulties must arise *somewhere* as regards increments on the border line of profit. The Acts throw such matters into Schedule D, which catches what all the other Schedules miss, and whose rules go nearer than any others to fixing with some degree of exactitude the meaning of the word "profit."

Cases II, IV and V of Schedule D refer to clearly marked subjects of charge, and little difficulty, if any, can arise as to what profits fall within their scope. Cases I, III and VI leave room for questioning. Case I includes the profits of *trade*, and one is often forced to ask what it is to carry on a trade. In ninety-nine cases there is no doubt, but in the next a difficult question may arise. A sells a house for more than he gave for it; is he trading in houses? No!

PROFITS—(contd.)

B buys and sells fifty houses a year; is he trading in houses? Yes! Then where between these cases must the line be drawn, and what circumstances or how many sales constitute trading? This is a question which must be considered with great care. Again, Case III extends to profits of an *uncertain annual value*, and Case VI to *annual* profits or gains not charged under other Schedules or under other Cases of Schedule D. These definitions also are in terms sufficiently general to allow of many difficulties arising. But as regards increments on the border line of profit (and which it is clear are not within Schedules A, B, C or E, or Cases II, IV or V of Schedule D) one can consider the applicability of any of three terms. Can the increment be described (1) as the proceeds of *trading*, (2) as an *annual* profit not otherwise charged, or (3) as profit of an *uncertain annual value*? The important words are italicised. As regards (1) it is necessary to ask "What is trading?" As regards (2) and (3) the meaning of the word "annual" may be indicated and a few general observations made.

The question as to what constitutes trading is a large one, and a detailed consideration will be found under TRADING. A shorter analysis under the present heading will serve, however, as a summary of the principles and rules there adduced, and also to bring the matter of trading into its due connection with the larger question, "What is assessable profit?" First, it is clearly laid down that trading requires two distinct parties. If the buyer and the seller are identical, there can be no trading. Thus, if six people become joint owners of certain goods which they divide amongst themselves, the act of dividing the goods does not constitute trading. If the six as a *body* sell the goods to the six as *individuals*, the *body* of six have still not traded with the six individuals, the buyers and sellers being identical. This fact is not affected if the body sells the goods for more than it gave for them: the surplus is not a profit of trade. Secondly, there must usually be some persistence in transactions if they are to be regarded as constituting a trade. There is no hard and fast rule as to how many transactions form a trade. This must depend on the nature of the case, and will be determined by a common-sense view. Thirdly, the intentions of the person concerned may throw some light on the enquiry as to

PROFITS—(*contd.*)

whether he is trading. If a man buys with a view to selling at a profit, the assumption is that he is trading. Similarly, and even more particularly, the object with which a company was formed may indicate whether the surplus on any sale is an increase of capital or a trading profit.

But Cases III and VI remain even if Case I is not applicable. Here the word "profit" is not qualified save by the description "annual." There is obviously a difficulty, for the meaning of "annual profit" is not more easily found than the meaning of "profit." There is no judicial decision which throws light on what Cases III and VI include, save a reference to a vague enactment that Case VI includes what the other Cases fail to hold. It will be recognised that the framers of the Act had no general rules in their minds by which Cases III and VI might be limited. Their sole object was to include anything which might prove to have been missed elsewhere. We are forced to assume therefore, (1) that there may be assessable profits other than those of a trade (or of the clearly defined sources indicated in other Cases and Schedules)—otherwise Cases III and VI could not possibly have any meaning; and (2) that any transaction (even though it does not constitute a trade or part of a trade) which gives rise to an income capable of being measured by the year or longer, is the source of assessable "annual profits." A particular example may make this clear. If a man takes out a patent and sells the rights of its use, the sale, in all probability, would not be regarded as the exercise of a trade. Yet the legislature has made a special provision for the collection of tax payable in respect of royalties or other sums "in respect of the user of a patent." Such royalties may not always be the profits of trading, but they may yet be assessable as annual profits within the meaning of Case VI. "Annual" simply indicates something which is payable or calculated with respect to a year or longer (over whatever period it is actually paid—for an example see under ANNUAL INTEREST). A further subject of charge under Case VI is the royalty which arises annually on the sale of a book whose copyright has been purchased by publishers. If the consideration for the transfer of the copyright is a lump sum payment, and if this is an isolated transaction as far as the author is concerned, it is

PROFITS—(contd.)

probable that (1) there is no trading and (2) there is no annual profit. If the consideration is a yearly royalty (even though it is an isolated transaction on the part of the author) such royalty (1) may not be the profit of a trade, but yet (2) is an annual profit assessable under Case VI. This subject must be left here. Case III is an alternative to Case VI with no fundamental distinction therefrom. It applies only where the profits are "uncertain," which seems to imply "uncertain of having any value in any particular year, but yet of value over a course of years." It may be repeated that by their very nature neither Case III nor Case VI may be exactly delimited. They are outposts set to catch income which otherwise escapes.

The cases of Schedule D have different rules of assessment. They will be found under SCHEDULE D.

Profits need not be paid in cash to be assessable. Judicial observations cited under RENT-FREE RESIDENCE (in *Tennant v. Smith*) indicate that they must have money value. Illustrations of this will be found under BOARD AND LODGING and under OPTIONS. ■

Reference may be made to a case in which an uncompleted transaction came under review. In *Furtado v. Cardonald Feuing Co., Ltd.* (1906), a land development company purchased land and built houses on it. Over the property occupied it created feu duties, which were sold. The land and houses continued to be the property of the company. It was held that liability to income tax in respect of the sale of the feu duties could not be determined without taking into account some part of the cost of the houses over which, as well as over the land, the feu duties were created. It seemed that such liability could not be determined until the property was sold.

PROMOTION PROFITS.

The promotion of a company necessitates certain operations which constitute trading. The profits arising to the promoter are, therefore, assessable. (See under PROFITS for the consideration of what profits are subject to taxation.) Against the gross receipts should be set all expenses which the promoter has undertaken to bear and has borne in connection therewith (*e.g.*, cost of prospectus,

PROMOTION PROFITS—(contd.)

registration fee, etc.). If payment is made in shares the monetary value of those shares should be ascertained. Shares received in this connection may be valued as shown under **OPTIONS** in a similar case.

See under **TRADING** with respect to the profits earned by a company in selling its assets to a second company promoted by itself.

PROPERTY.

Property is assessed under Schedule A in respect of the income accruing therefrom to the owner, and under Schedule B in respect of the profits accruing therefrom to the occupier. Both assessments are made on the occupier, but in the cases referred to under **LANDLORD** the owner is regarded as being the occupier for purposes of assessment. Duty is not charged under Schedule B in respect of a dwelling-house (with its offices and an acre of garden) unless the house is rented and occupied under the same demise with a farm of lands for the purpose of farming such lands; nor in respect of warehouses or other buildings occupied for the purpose of carrying on a trade or profession. That is to say, Schedule B is confined to land and farmhouses, and buildings rented and occupied with a farm for farm purposes. (See under **FARMHOUSES**.) When duty is charged under Schedule B the occupier is required to bear it, but he may deduct duty charged under Schedule A from his next payment of rent. (See under **RENT**.) See under **ANNUAL VALUE** and **RACK-RENT** for the basis of assessment; also under **LONDON** as regards assessments in the Metropolis.

The deductions allowed under Schedule A are as follows:—

(a) For repairs, usually one-sixth of the assessment except for lands (see under **REPAIRS** for this and for an additional allowance for maintenance, etc.);

(b) The amount of land tax paid;

(c) The amount of a public rate in respect of drainage, fencing, or embanking;

(d) The amount expended by the landlord in making or repairing sea-walls, etc., on an average of the expenditure over the past twenty-one years (see under **SEA-WALL**);

(e) Certain ecclesiastical charges described under **CLERGYMEN**.

PROPERTY—(contd.)

See also under GARDENS ; LANDLORD ; REPAIRS ; SCHEDULE A ; SCHEDULE B ; TITHE.

PROSPECTING, COST OF.

See under EXPLORATION. It may be added that a mining company may not charge prospecting expenses against its profits, these being capital outlays.

PROTECTION (TRADE) ASSOCIATION.

See under TRADE ASSOCIATION.

PUBLIC BODIES.

A public body is liable to income tax on profit and interest received. (See under CORPORATIONS.) The employees of a public body are assessable under Schedule E. (See under EMPLOYEES. See also under CHARITIES.)

PUBLIC SCHOOL.

Public buildings, offices and premises belonging to any public school are exempted from duty under Schedule A, provided that they are not occupied by any master or officer whose income amounts to £150 per annum, or by any person paying rent therefor. A public school is one which is maintained for a public object, and need not necessarily be a school in which no fees are charged. The exemption has been allowed to the City of London School which was founded to give a liberal education to boys on payment of substantial fees. The balance of the expenditure is met by the Corporation and no profit is sought. Lord Esher remarked : " It is maintained partly by a donation which was in its origin charitable and voluntary. The object of the school is the education of a sufficient large number of persons to enable us to say that that object is a public object." (*Blake v. Mayor of London*, 1886.) The exemption was not allowed to the Free Church College, Edinburgh, which was used for the training mainly of candidates for the ministry, but also of other students in certain subjects. In this case the main object of the institution was not a public one. (*Bain v. Free Church of Scotland*, 1897.)

The exemption from house duty which is allowed to " charity schools " rests on a different basis. A school which was originally

PUBLIC SCHOOL—(contd.)

founded as a hospital for old men, but which is now a school in which all but fifty scholars pay large fees, was held to be outside this exemption. (*Charterhouse School v. Lamarque*, 1880.) A school supported partly by endowment, but substantially by pupils' fees, ranging upwards from £90 per annum, was also refused exemption. (*Southwell v. Governors of Holloway College*, 1895.)

QUARRIES.

Quarries of stone, slate, limestone or chalk are deemed to be concerns in the nature of trade arising from lands. They are chargeable under Schedule A, No. III, Rule 1, on the amount of profits arising in the year preceding that for which the assessment is made. (*I.T.A.*, 1842, s. 60.) The rules of Schedule D apply, however, so far as they are consistent with the rules of Schedule A, No. III. (*R.A.*, 1866, s. 8.) An appeal is allowed to the special commissioners. (*I.T.A.*, 1860, s. 7.) The essential points to be remembered are (a) that the assessment is based on the previous year's profits, (b) that a quarry should be charged in the parish where it is situated, (c) that no deduction may be made for rent or any other payment of this nature (but tax may be deducted therefrom).

It has been held that in distinguishing between a quarry and a mine, regard must be paid to the subject worked. Works for getting slate were held to be quarries in spite of their being underground. "This statute is imposing a tax upon that which is worked and not upon the mode of working it." (*Brett, J.*, in *Jones v. Cwmorthin Slate Co.*, 1879.)

QUIT RENT.

A quit rent is a rent by which a tenant is discharged from other services to which he might have been liable. There is no distinction between this and other rents, so far as income tax is concerned. Tax may be deducted therefrom by the person paying it.

RACING PROFITS.

Racing profits are assessable if they are the result of repeated operations which may be said to constitute the carrying on of a

RACING PROFITS—(contd.)

trade. In considering this matter, regard would naturally be paid to the general management of his racing by the person concerned. As the sport in question usually entails far heavier expenses than the occasional receipts can meet, it is evident that money won can only be a trade profit in rare circumstances. The profits arising from a stud, however, are distinctly liable if the buying and selling of horses is a constantly repeated feature of the management. (See also under **BETTING PROFITS**.)

RACK-RENT.

Rack-rent has been defined as an annual rent stretched to the utmost value of the thing rented, *i.e.*, a rent which expresses the full annual value of what is rented without any other consideration of a qualification whatever. The Income Tax Acts provide that the assessable annual value of lands, tenements, etc., shall be deemed to be the rent by which they are let, or worth to be let, at rack-rent. (*I.T.A.*, 1842, s. 60—see under **ANNUAL VALUE**.) They also assume that the landlord should maintain the property in a condition fit to command the existing rent, and should bear the cost of repairs, insurance, and management (*cf.* *F.A.*, 1894, s. 35; *F* (1909-10), *A*, 1910, s. 69 (1)). If, therefore, the tenant bears any of these charges, the amount thereof should be added to his rent in order to arrive at the rack-rent. Similarly, an addition should be made in respect of any "aids, taxes, or assessments chargeable on or payable by the landlord," but agreed to be paid by the tenant (*e.g.*, land-tax, drainage rate, etc.), and a deduction should be made in respect of any parochial rates, taxes, and assessments chargeable on the occupier, but paid by the landlord out of the rent. (*I.T.A.*, 1842, s. 63, *Schedule A*, *No. X*, *Rules 1 and 2*.)

See under **LEASE** as to the powers of the local commissioners in determining what the rack-rent is.

RAILWAYS.

Railways are deemed to be concerns in the nature of trade whose profits arise from land. They are assessed under *Schedule A*, *No. III*, on the amount of the profits arising in the year preceding

RAILWAYS—(contd.)

that for which the assessment is made. (*I.T.A.*, 1842, s. 60, *Schedule A*, No. III, Rule 3.) The rules of Schedule D (governing the assessment of trade profits, etc.) have been made to apply so far as they are not inconsistent with the rules of Schedule A, No. III (*R.A.*, 1866, s. 8; *R.A.*, 1914, s. 20), but the following special rules are in force: (a) the profits are charged by the special commissioners where the accounts are made up (*I.T.A.*, 1860, s. 5; *I.T.A.*, 1842, s. 60, No. IV, Rule 1); (b) duty is payable in four quarterly instalments on or before 20th June, 20th September, 20th December, and 20th March (*T.M.A.*, 1880, s. 95); (c) the salaries of the employees of a railway company (except such wage-earners as engine-drivers, etc.—see under **ENGINE DRIVERS**) are assessable by the special commissioners on the company, who must pay the tax and may deduct it on paying the salaries concerned. (*I.T.A.*, 1860, s. 6.)

RATES.

See under **RACK-RENT** as regards tenants' rates paid by the landlord; under **LONDON** for the provision of the Valuation (Metropolis) Act, 1869, in relation to income tax; also under **INTEREST** as regards interest paid out of rates. Outside London the Schedule A assessments must be (a) based on the poor rate assessments if the latter are made on the full annual value of the premises concerned, (b) made on sums proportionate to those in the poor rate if the latter are proportionate to the full annual value. (*I.T.A.*, 1842, s. 64.) While the poor rate assessments in this manner provide the basis for assessments to income tax, it remains the duty of the local general commissioners of income tax, to consider whether the former assessments represent the full annual value of the subjects rated.

A trader may charge as a trade expense the amount of any rates paid by him on his business premises. When he resides on the premises he may charge a proportion, but not more than two-thirds. (See under **BUSINESS PREMISES**.)

RATES OF INCOME TAX AND SUPER-TAX.

Income tax has been charged at the following rates—

RATES OF INCOME TAX AND SUPER-TAX—(contd.)

Year commencing 6th April.	Rate.	
1890	6d. in the £	
1891	6d. „	
1892	6d. „	
1893	7d. „	
1894	8d. „	
1895	8d. „	
1896	8d. „	
1897	8d. „	
1898	8d. „	
1899	8d. „	
1900	1s. 0d. „	
1901	1s. 2d. „	
1902	1s. 3d. „	
1903	11d. „	
1904	1s. 0d. „	
1905	1s. 0d. „	
1906	1s. 0d. „	
1907	1s. 0d. „	full rate
	9d. „	on earned income where the total income does not exceed £2,000
1908	As in 1907	
1909	1s. 2d. in the £	full rate
	1s. 0d. „	on earned income where the total income exceed £2,000, but does not exceed £3,000
	9d. „	on earned income, where the total income does not exceed £2,000
	6d. „	super-tax on incomes exceed- ing £5,000, the first £3,000 not being charged
1910	As in 1909	
1911	„	
1912	„	
1913	„	

RATES OF INCOME TAX AND SUPER-TAX—(contd.)

SUPER-TAX CHARGEABLE

Aggregate income (after deduction of Insurance premiums).	Duty.
Between £3,000 and £4,000	£10 8s. 4d. plus 7d. for every £ over £3,000
„ £4,000 „ £5,000	£39 11s. 8d. plus 9d. for every £ over £4,000
„ £5,000 „ £6,000	£77 1s. 8d. plus 11d. for every £ over £5,000
„ £6,000 „ £7,000	£122 18s. 4d. plus 1s. 1d. for every £ over £6,000
„ £7,000 „ £8,000	£177 1s. 8d. plus 1s. 3d. for every £ over £7,000
„ £8,000 „ £9,000	£239 11s. 8d. plus 1s. 4d. for every £ over £8,000
Over £9,000	£306 5s. plus 1s. 4d. for every £ over £9,000

See under EARNED INCOME as regards the allowance of the lower rates and as to the necessary claims; also see under SUPER-TAX

REALISATION OF INVESTMENTS.

See under INVESTMENTS.

RECEIPT.

A collector of taxes is required to issue a receipt for any duties paid to him. He must use the prescribed form, and must himself sign the acknowledgment of the payment of the sum due. No stamp need be affixed thereto whatever the amount received. If the demand note for duties assessed under Schedules A and B (landlord's property tax and tax on the profits arising from the occupation of the lands) did not distinctly describe the property assessed, the amount of the assessment and rate of duty, these particulars must be specified in the receipt.

There is no authority by which a landlord can demand the production of the receipt proving payment of property tax, which

RECEIPT—(contd.)

the tenant seeks to retain out of his next payment of rent. But obviously the landlord is entitled to some evidence of the amount of the duty which has been paid, and the receipt is the only evidence of this.

In a suit for debt it is the practice of the Courts to allow the production of the debtor's income tax receipts to be enforced, if such receipts may tend to prove that the debtor is in a position to discharge the debt. (*Shaw v. Kay*, 1904.)

RELIEF TO EARNED INCOMES.

See under EARNED INCOME.

RELIGIOUS BODIES.

Religious bodies may claim exemption under the provisions relating to charities. (See under CHARITIES.) These exemptions are as follows—

(a) In respect of rents, etc., received by such bodies from lands and other property vested in them (*I.T.A.*, 1842, s. 61, *Schedule A*, No. VI);

(b) In respect of interest and dividends payable out of any public revenue, e.g., government stock, etc. (*I.T.A.*, 1842, s. 88, *Schedule C*, Rule III);

(c) In respect of any yearly interest or other annual payment under Schedule D, not including any profits of trade, etc. (*I.T.A.*, 1842, s. 105);

(d) In respect of churches and other buildings not rated by the local authority.

See also under CLERGYMEN AND MINISTERS.

REMITTANCES FROM ABROAD.

See under FOREIGN INCOME.

REMOVAL, COST OF.

It has been held that the cost of removing a business from one locality or depot to another may not be deducted from profits, but should be regarded as a capital expense. In *Smith v. Westinghouse Brake Co.* (1888), the company applied to be allowed to charge

REMOVAL, COST OF—(contd.)

against its profits the cost of removing machinery to a new manufactory. In *Granite Supply Association v. Kitton* (1905), the company claimed a deduction in respect of the expense of removing granite and cranes from old works to new ones. In neither case was the deduction admitted.

RENEWALS.

A charge may be made against profits in respect of the renewals of any implements, utensils or articles used in a business. (See under **IMPLEMENTS**.) The cost of renewing plant and machinery which is the subject of allowance for wear and tear must not be set against profits, but is a capital expense. (See under **DEPRECIATION**.)

RENT.

A landlord pays tax on his rent through his tenant. The latter is liable for its payment to the revenue after an assessment has been made under Schedule A, but he is authorised to deduct tax from his next payment of rent at the rate or proportion of several rates in force while the year's rent was accruing. (*I.T.A.*, 1842, s. 60, *Schedule A, No. IV, Rule 9*; *R.A.*, 1864, s. 15.) He may not, however, deduct more than he has paid, neither may the sum deducted be in excess of tax on the amount of the rent at the rate or proportion of rates referred to. (*I.T.A.*, 1853, s. 40.) If a tenant is called upon to pay an arrear due from a former occupier, he may deduct this amount from any subsequent payment to the landlord. (*I.T.A.*, 1853, s. 35.)

Where the nett assessment is larger than the rent, the tenant is deemed to be "beneficial occupier" of a part of the premises, and must himself bear tax on such portion of the assessment as represents his beneficial occupation (*i.e.*, his free occupation). Thus, if the rent is £40 and the assessment £60, less £10 for repairs, nett £50, he will pay tax on £50 and recover from the landlord tax on £40. As he is assumed to occupy £10 worth of premises without paying therefor, he is expected to bear tax on £10.

All contracts, covenants, and agreements for the payment of any rent in full without the deduction of tax therefrom are declared to be utterly void. A penalty of £50 may be imposed for any refusal

RENT—(contd.)

to allow any deduction authorised as stated above. (*I.T.A.*, 1842, s. 103.)

It should be noted that the right to deduct tax paid to the collector refers to the *next* payment of rent (except where a tenant has paid arrears due from a previous tenant). The right of deduction is not limited to tax on the amount of that particular instalment of rent. If it should happen that this instalment is smaller than the amount sought to be deducted, the tenant may without doubt deduct tax from later payments. This event must be rare, however, as the landlord is personally assessable in respect of lands and premises worth less than £10 per annum, of premises let in different apartments to two or more persons, and of lands and premises let to a tenant for less than one year. (See under **LANDLORD**.) The last mentioned provision does not include the case of what is called a quarterly tenancy or a monthly tenancy, where the rent is fixed at a certain sum per annum. It would without doubt apply to a weekly tenancy where the rent was fixed by the week and not with reference to a year. Where the landlord is personally assessable it is possible for the tenant or tenants to be called upon to pay the duty, but in this case their right of deduction is not restricted to the next payment of rent. As to where a tenant omits to make such a deduction from his next payment of rent see under **OMISSION TO DEDUCT TAX**.

See also under **LANDLORD**; also under **RECEIPT** as to the production of this voucher.

RENT CHARGES.

A landlord is entitled to deduct tax from any rent-charge at the rate or proportion of several rates in force while the charge was accruing. (*I.T.A.*, 1842, s. 60, *Schedule A*, No. *IV*, Rule 10.)

See also under **TITHE**.

RENT-FREE RESIDENCE.

Property tax is charged on the person whom the law deems to be the occupier of the premises concerned. In most cases, this is the person who has the use of the premises. Where an employee occupies a house rent free as part of his remuneration, however,

RENT-FREE RESIDENCE—(*contd.*)

two questions arise. Should the assessment be made on the employee or on his employers? Also, should the annual value of the premises be included in the employee's claim to exemption or abatement as part of his total income? As regards the first question, the employers still have the use of the premises, the use to which they put them being to allow their employee to live therein as long as it suits their purpose. The employers are, therefore, the legal occupiers, and will be assessed to the duty. But the matter is different if the employers give their employee the power to let the premises to a third party. In this case the employee has the use of the premises, which use is given him as part of his emolument. The employee, therefore, should be assessed as occupier, and must bear the duty (unless his employers volunteer to do so). The second question is settled on similar lines, as will now be shown.

The employee must include all his income on his claim, but must first decide whether the annual value of his rent-free residence is part of his income. The matter was argued in the House of Lords in the case of *Tennant v. Smith*, 1892. A bank agent lived rent free in a part of the premises occupied by the bank, for whose purposes he was required to reside there. It was clearly established that he could do nothing with the premises save to reside on them, for the bank would not have allowed him to let them to a third person. The Lords came to the conclusion, first, that the annual value of the residence could not be assessed on the bank agent, and, secondly, that the annual value should not be considered a part of the agent's total income for the purposes of a claim to exemption or abatement. The argument of the Crown on the first point had been that, in estimating its profits for assessment under Schedule D, the bank was allowed to deduct, as a trade expense, the annual value of the premises in question, and therefore that the outgoing expense must accrue to some one in the counter-shape of benefit or emolument. It was contended that the bank agent was in receipt of this annual value, which was accordingly assessable on him, preferably under Schedule D.

The Lords analysed the various sections of Schedules D and E, testing the assessability of the "benefit" under each. They ruled that Schedule D could not cover it, Lord Watson declaring:

RENT-FREE RESIDENCE—(*contd.*)

“I agree that income arising from employment as a bank agent is assessable under Schedule E in all cases where the bank which employs him is a company or society, whether corporate or not corporate, as specified in the third rule of that Schedule. I do not think that it can be maintained that a public office or employment assessed under Schedule E is also liable to be assessed as an employment or vocation within the meaning of Schedule D. Everything in the shape of profit or gain arising from a public office or employment which the Legislature intended to be chargeable with duty, is ascertainable under the rules of Schedule E and under these rules only.” They further determined that the benefit in question was not assessable under Schedule E, being neither salary, fee, wages, emolument or perquisite. Such benefit was held not to be a profit, for the following reason : (*Lord Watson*)—“I do not think it comes within the category of profit because the ordinary acceptation appears to denote something acquired which can be turned to pecuniary account.” (*Lord Chancellor*)—“I do not deny that, if substantial things of money value were capable of being turned into money, they might for that purpose represent money’s worth, and be therefore taxable. . . . The thing sought to be taxed is not income unless it can be turned into money.” The decision last stated is of great importance in considering liability to income tax. As regards the immediate question of rent-free residences, it distinguishes between a case where the resident may turn his privilege into money by letting the premises, and a case where the resident has not this power. In the latter case there is no liability to assessment. In the former case the Lords were of opinion that there was liability on the resident under Schedule E. But in the former case the Schedule A assessment will probably fall to be made on the employee as potential occupier (whether he is the resident or not). Where this is so, he will not be assessed under Schedule E in addition. (It will be realised that in the case cited the employee was engaged by a company, hence the reference to Schedule E. Where an employee in this position is employed by an individual or a firm, Schedule D should be substituted for Schedule E.)

To conclude the consideration of the liability to inclusion in a

RENT-FREE RESIDENCE—(*contd.*)

claim to abatement of the annual value of a rent-free residence, two more extracts from the judgments in *Tennant v. Smith* may be cited. (*Lord Watson*)—"In ascertaining the total income from all sources (with a view to a claim to exemption) I am of opinion that no income arising in this country can be taken into account which is not chargeable with duty under one or other of the Income Tax Schedules." (*Lord Macnaghten*)—"It is perfectly clear that nothing is to be brought into account on a claim to relief except what is chargeable for the purposes of assessment." The rule remains then, that an employee need only include on his claim the annual value of a rent-free residence if an assessment has been made *on him* in respect thereof, under either Schedules A, D, or E.

Two cases have arisen in connection with the manses of Scotch ministers of religion. A minister of the Free Church of Scotland was not required to include in his claim the annual value of a manse provided for him. "The dwelling-house is provided to the respondent as a minister of the congregation, and is in all time coming to be used, occupied and enjoyed by him as a manse. It does not appear to me that the right to occupy a dwelling-house on these terms is one which was intended to be convertible into money. It may be that such manses are *occasionally* let (by the minister) without objection by the trustees, and if so the income so obtained will be assessable. But that cannot affect the present question." (*Lord Adam* in *McDougall v. Sutherland*, 1894.) A minister of the Established Church of Scotland was required to include in his claim to abatement the annual value of a manse of which he is in law regarded as the owner while he is minister. "It appears to me that, for the purposes of the present question, he is the owner. I think that his right is not a right merely of personal residence, but that it could be turned into money." (*Lord President* in *Corke v. Fry*, 1895.) Both these cases followed the rules laid down in *Tennant v. Smith*.

REPAIRS.

Property is assessed according to its annual value, *i.e.*, the amount for which it is worth to be let at rack-rent, the landlord maintaining it in a fit condition. But an allowance should be made

REPAIRS—(*contd.*)

to the landlord in respect of the cost of repairs, maintenance, etc. This allowance is made by deducting from an assessment on lands one-eighth part of the assessment, and from an assessment on houses or buildings one-sixth part of the assessment. (*F. A.*, 1894, s. 35.) In the case of land (with farm buildings, etc.), and houses whose annual value does not exceed £8, a further allowance may be claimed, by repayment, in respect of the ascertained cost of maintenance, repairs, insurance and management in excess of the allowance for repairs. Until 1914 this additional allowance might not exceed one-eighth part of the assessment on lands, and one-twelfth part of the assessment on houses. (*F.* (1909-10) A, 1910, s. 69.) The rules which govern these allowances will now be set forth.

A tenant is entitled to deduct from his rent an amount not exceeding the amount of tax paid by him under Schedule A (landlord's property tax), and not exceeding the current rate of tax on the amount of his rent. In the normal course his rent is (say) £60 ; the assessment is £60 gross less £10 repairs, leaving £50 nett ; he pays tax on £50 and deducts tax on £50 from his rent. But if his rent is £60 and the assessment £90 gross, £75 nett (*e.g.*, in the case of a tied public-house), he pays tax on £75, but may deduct from his rent no more than tax on £60. Such circumstances afford no reason for any restriction in the amount of the allowance for repairs. If, however, his rent is £60 and the assessment £48 gross, he may deduct from his landlord whatever he pays up to tax on £60, but will only have been called upon to pay tax on £48 less the allowance. But if no allowance is made the landlord will have received £12 (£60 less £48) without tax having been charged thereon. No allowance will, therefore, be made for repairs, and the assessment will be £48 gross and £48 nett. (The assessment is often less than the rent, *e.g.*, where the latter is put up within the quinquennial period during which an assessment may only be amended if there have been structural alterations, etc.) This restriction applies to both lands and houses.

A further restriction applies in certain circumstances to houses or buildings. Where a tenant bears the cost of repairs, the rack-rent is the aggregate of the rent and the cost of repairs (the latter being a landlord's burden). The assessment will be made on the amount of the rack-rent. As, however, the landlord does not repair

REPAIRS—(contd.)

the premises he will require no deduction from his rent. The nett assessment should therefore be equal to the amount of the rent, and the allowance for repairs is restricted, where necessary, to bring about this result. Thus, if the tenant pays £60 rent and does his own repairs (estimated cost 10 per cent. of the rent = £6), the gross assessment should be £66. The landlord ought to suffer tax on £60, and the allowance for repairs will be restricted to £6, so as to leave a nett assessment of £60. This restriction does not apply to lands.

The rules may be summarised as follows—

ALLOWANCE FOR REPAIRS

	<i>Lands (inclusive of a farmhouse and other buildings assessed therewith).</i>	<i>Houses or buildings not included in the preceding column.</i>
<i>(a) Where the gross assessment is more than one-eighth (lands) or one-sixth (buildings) below the rent, after deducting from the rent any outgoing allowed to be deducted from the assessment.</i>	No allowance.	No allowance.
<i>(b) Where the tenant is assessed as occupier and bears the cost of repairs.</i>	An allowance of one-eighth part of the gross assessment.	An allowance not exceeding one-sixth part of the gross assessment, but not large enough to reduce this assessment below the amount of the rent.
<i>(c) Cases not included in (a) or (b)</i>	An allowance of one-eighth part of the gross assessment.	An allowance of one-sixth part of the gross assessment.

Specimen allowances under (a), (b) and (c)—

(a) Rent £80; gross assessment £60; landlord bears cost of repairs. No allowance for repairs. The tenant pays tax on £60 and deducts all of this from his rent.

(b) Rent of farm £144; tenant pays for repairs; gross assessment £144. An allowance of £18 for repairs. The tenant pays tax on £126 and deducts this from his rent.

REPAIRS—(contd.)

(c) Rent of house £40 ; tenant pays for repairs inside and outside ; gross assessment £44 (£40 plus 10 per cent. of £40). An allowance of £4 for repairs. The tenant pays tax on £40 and deducts this from his rent (NOTE.—Had the tenant borne the cost of the inside repairs and the landlord the outside, the gross assessment would probably have been £42 (£40 plus 5 per cent. of £40), and the allowance for repairs £7, the full sixth of the gross assessment.)

(c) Rent of farm £162, including £42 for labourers' cottages ; gross assessment £162 ; landlord bears cost of repairs. An allowance of £7 (one-sixth of £42, houses) plus £15 (one-eighth of £120, land, farmhouse, and farm-buildings), £22 in all ; nett assessment £140. Tenant pays tax on £140 and deducts it from his rent.

(c) Rent of house £60 ; gross assessment £60 ; landlord pays for repairs. An allowance of £10. The tenant pays tax on £50 and deducts it from his rent.

(c) Rent of house £65 ; gross assessment £60 ; landlord pays for repairs. An allowance of £10. The tenant pays tax on £50 and deducts it from his rent.

See specimen assessments in Chapter VIII as regards other allowances, tithes, farm cottages, farmhouses, etc.

The additional allowance for the cost of maintenance, etc., referred to in the opening paragraph, may be claimed only where an allowance has been made for repairs as explained above. (*F.* (1909-10) *A.* 1910, s. 69.) The allowance is made by way of repayment and may be claimed as follows—

(1) A claim may be made only in respect of land (inclusive of farmhouses and other buildings, if any), and of houses, the gross annual value of which as assessed does not exceed £12 (£8 until 1914) ;

(2) The owner must show that the average cost to him of maintenance, repairs, insurance and management, over the five preceding years has exceeded one-eighth part (in the case of lands) or one-sixth part (in the case of buildings) of the gross annual value as assessed under Schedule A. Maintenance includes the replacement of farmhouses, farm buildings, cottages, fences, and other works, where the replacement is necessary to maintain the existing rent ;

(3) A claim may be made with regard to any land managed as one estate or of any houses on such land, *as a whole* ; *i.e.*, the total

REPAIRS—(contd.)

cost of maintenance, etc., may be compared with the aggregate assessments ;

(4) For years up to and including 1913/4 the amount repaid must not exceed duty on one-eighth part (in the case of land) or one-sixth part (in the case of buildings) of an amount equal to the gross annual value ; this restriction does not apply for years subsequent to 1913/4 (*F. A.*, 1914, s. 8) ;

(5) If the surveyor of taxes is satisfied of the correctness of a declaration as to the cost of maintenance, etc., he may certify the amount due and repayment may be made accordingly ; otherwise, the application must be determined by the local commissioners ; in computing the first year's average, the year must be taken as ending on 31st March, or such other date as is adopted by the owner with the consent of the surveyor ; the five years must end on a date preceding the commencement of the financial year for which the duty reclaimed has been charged ; the claim must be made within three years of the end of that financial year. (*I. T. A.*, 1860, s. 10.)

No allowance for repairs, maintenance, management, etc., is made other than those referred to above.

REPAYMENT.

Repayment is authorised in the following circumstances—

(a) Where an individual is entitled to exemption by reason of his income not exceeding £160 (see under EXEMPTION) ;

(b) Where an individual is entitled to abatement by reason of his income not exceeding £700 (see under ABATEMENT) ;

(c) Where an individual is entitled to a lower rate in respect of income actually charged at a higher rate (see under EARNED INCOME) ;

(d) Where an individual is entitled to an allowance in respect of life insurance premiums (see under LIFE INSURANCE) ;

(e) Where an individual is entitled to an allowance in respect of children under sixteen years of age (see under CHILDREN) ;

(f) Where a person has paid tax twice for the same year and in respect of the same source of income (*I. T. A.*, 1842, s. 171) ;

(g) Where an owner of land or cottages may claim the allowance made in respect of maintenance, etc. (see under REPAIRS) ;

REPAYMENT—(contd.)

(*h*) Where charities, almshouses, public schools, literary and scientific institutions are entitled to exemption (see under the heading indicating each concern, *i.e.*, CHARITIES, etc., ALMSHOUSES, etc.) ;

(*i*) Where a clergyman is entitled to allowances in respect of first-fruits, duties, and fees on presentation, etc. (see under CLERGYMEN) ;

(*j*) Where a lessor of plant and machinery is entitled to an allowance for wear and tear (see under DEPRECIATION) ;

(*k*) Where non-residents have suffered deduction of tax from income arising from foreign securities ;

(*l*) Where a specific cause of profits falling short is proved (see under SPECIFIC CAUSE) ;

(*m*) Where a loss has been incurred (see under LOSS) ;

(*n*) Where a business has ceased (see under CESSATION) ;

(*o*) Where a business has commenced within three years (see under COMMENCEMENT OF BUSINESS) ;

(*p*) Where duty has been paid on an assessment subsequently discharged on a case being taken to the High Court (see under HIGH COURT CASES).

In cases (*a*) to (*h*) a claim must be made within three years of the expiration of the financial year for which the duty was assessed. In cases (*i*), (*l*) and (*o*) a claim must be made at the end of the year (which requirement "must receive a reasonable interpretation according to the exigencies of a business"). (*Regina v. Special Commissioners, Cape Copper Mining Co.*, 1888.) In case (*j*) a claim must be made within twelve months, and in cases (*k*) and (*m*) within six months of the end of the financial year. No time limit is mentioned under (*n*) and the general three years' limit must be allowed. A claim under (*p*) can only be made when judgment is given in favour of the appellant.

The subject matter of each claim is dealt with under the headings indicated, but special attention is given to several claims (with specimen forms where necessary) as follows: (*a*), (*b*), (*c*), (*d*) and (*e*), in Chapter IX; (*l*), (*m*), (*n*) and (*o*) in Chapter IV.

Land Tax may in no circumstance be reclaimed.

RESERVES.

A reserve is a provision for a possible future loss, and as such it may not be set against the profits of the year in which it is created or increased. Any expense charged to reserve but which is a legitimate expense of trading may, for income tax purposes, be charged against the profits of the year in which such expense is incurred. Similarly any untaxed income (interest, etc.) which is taken straight to a reserve account, or any sums formerly written off out of profits, but now reserved and taken to a reserve account, should be added to profits for income tax purposes

RESIDENCE.

Residence is an important factor in the consideration of liability to income tax on the part of concerns commonly described as foreign. *A resident in the United Kingdom* is chargeable on all profits accruing to him within this country, and on so much of profits accruing abroad as is remitted to this country. For 1914/15 and subsequent years he is also chargeable in respect of certain income remaining abroad. (See under FOREIGN INCOME.) *A person who is not resident in the United Kingdom* is chargeable on all profits accruing within this country, but he is not chargeable in respect of profits accruing abroad. The difference may be illustrated by two singers, of whom A is resident here and B is not resident. A is assessable on all he earns in this country, on the income from his foreign property, and also on so much of what he earns abroad, etc., as is sent to him here. B is assessable on all he earns in this country, but may not be charged on remittances from abroad. Again, C is an acting partner in a foreign firm; he is resident in the United Kingdom, and partly manages the firm's business while in this country. D is another acting partner, who acts in precisely the same way, but is not regarded as a resident here. C must pay tax on his full share of the firm's profits. D is not liable. A third aspect of the matter under illustration may be shown as regards two companies. Company E is resident here; Company F is not resident here; both companies have offices here and an extensive trade abroad. Company E is assessable on the whole of its profits. Company F is only assessable on the portion of its profits which it brings to the United Kingdom.

RESIDENCE—(*contd.*)

The facts which constitute residence in the case of a person will first be dealt with. "A man can have . . . three or more residences . . . and yet these are all residences in the proper sense of the term, that is to say, they are places to which it is quite easy for the person to resort as his dwelling place whenever he thinks fit, and to set himself down there with his family and establishment. That is a place of residence, and if he occupies that place of residence for a portion of a year, he then is . . . residing there in the course of that year." (*Lord President in Lloyd v. Sulley*, 1884.) "It is not necessary in order to a person being chargeable, that he shall have his sole residence in the United Kingdom. A man can have residences in more countries than one, although he can only have one domicile." (*Lord President in Cooper v. Cadwalader*, 1904.) It follows, therefore, that it is quite sufficient that a person should have a residence in the United Kingdom, to justify his being assessed as a resident.

But a further question has been raised more than once. "How often must he use that residence to be regarded as a resident?" The matter has been raised by two master-mariners, who spend most (or all) of the year on board ship in foreign waters, but whose wives and families resided in the United Kingdom, where they themselves returned whenever their duties permitted. They were both held to be residents in the United Kingdom, and the following comments were made in the Courts. "If a man has his ordinary residence in Great Britain, it does not matter much whether he is absent for a greater or a shorter portion of the year. . . . Anything like continual residence is not a thing that this statute can be held to contemplate at all, if by continual residence was meant continual personal presence in one place." (*In re Young*, 1875.) "He is not a bit the less a resident in Great Britain because the exigencies of his business have happened to carry him away for a somewhat longer time than usual." (*Rogers v. Inland Revenue*, 1879.) These notes on the liability of a resident who does not use his residence, may be concluded by the citation of a specific enactment. "Any subject of Her Majesty whose ordinary residence shall have been in the United Kingdom, and who shall have departed from the United Kingdom, and gone into parts beyond the seas *for the purpose*

RESIDENCE—(contd.)

of *occasional residence*, shall be deemed chargeable as a person actually residing in the United Kingdom upon the whole amount of his profits and gains.” (*I.T.A.*, 1842, s. 39.)

The converse case is that of a person who is mainly resident abroad, but who has a residence in the United Kingdom. Such a person may have more than one *ordinary* place of residence. A merchant ordinarily resident in Italy, was held to be resident in this country, by reason of the fact that he sustained a residence here and occupied it for several months in the year. (*Lloyd v. Sulley*, 1884.) An American gentleman who rented a house and shooting rights in Scotland, where he spent about two months in each year, was also held to be a resident for income tax purposes. (*Cooper v. Cadwalader*, 1904.) On the other hand, a person who was ordinarily resident abroad but who usually visited a house in the United Kingdom owned by his wife each year, was held not to be a resident in such years as he did not make the visit. (*Turnbull v. Foster*, 1904.) The only exempting clause relating to foreign visitors requires, as conditions of exemption, (a) that such person shall be in this country for some temporary purpose only, (b) that such person shall not be in this country with a view to establishing his residence therein, and (c) that such person shall not reside in this country for six months, in the aggregate, during any one financial year. (*I.T.A.*, 1842, s. 39.) These conditions must *all* be complied with, being concurrent and not alternative. Further, if a person claims this exemption and subsequently makes another visit to the United Kingdom during the same financial year, he is deemed to be a resident.

The residence of a company is fixed by the carrying on of its trade, that is to say, the place of one is also the place of the other. “The company resides where the real business is carried on, *i.e.*, where the central management and control actually abides. . . . An individual may be of foreign nationality and yet reside in the United Kingdom. So may a company.” (*Lord Chancellor in De Beers Consolidated Mines, Ltd. v. Howe*, 1906.) It follows from this that a company which is resident in this country is assessable on the whole of its profits in whatever part of the world they may arise. In the *De Beers*’ case the company’s directors met in

RESIDENCE—(*contd.*)

two places. One body met at the registered offices in South Africa, where the mines were situated. The majority of the directors met in London, where the most important business was decided. The company was held to be resident in the United Kingdom. In *Wingate v. Webber* (1897) a shipping company trading from Glasgow was held to be resident in Norway, where its books were kept and its principal officers resided. Numerous other cases have been decided as to the circumstances which constitute the carrying on of a business in the United Kingdom. The following dicta will illustrate the principle which underlies all the decisions. "This company resides at the office where the directors meet, where other meetings of the whole company, or its representatives, are held, and where they transact their business and exercise the powers conferred upon them." (*Chief Baron Kelly in Calcutta Jute Mills Co., Ltd. v. Nicholson*, 1876.) "The profits cannot be got at except in England, and by dealing with all the transactions of the business carried on under the direction of the masters in England, although some of those transactions are carried on abroad. . . . It is true that part of the profits is earned by means of transactions abroad, but that is not carrying on the business abroad. It is carrying on the business in England by means of some transactions of it which are carried on abroad." (*Lord Esher in London Bank of Mexico v. Apthorpe*, 1891, in which case the company was managed in England, but carried on business as bankers in Mexico.) The fact that there is local management abroad does not necessarily prevent a company from carrying on its business in this country when its seat of management is here. (*Denver Hotel Co., Ltd. v. Andrews*, 1895; *San Paulo Railway Co. v. Carter*; *Grove v. Elliotts and Parkinson*, 1896.) In a recent case, however, an English company owned an hotel in Egypt which, by its Articles, was managed and controlled by an Egyptian Board elected by the shareholders. There were English directors also, but they directed the company and not the hotel. It was held, in the Court of Appeal, that the hotel business was not carried on in the United Kingdom. (*Egyptian Hotels, Ltd. v. Mitchell*, 1914.) Where an English company controls a foreign company, which in turn manages the foreign business, the question of liability in respect of the business

RESIDENCE—(*contd.*)

is not so clear. In *Kodak, Ltd. v. Clark*, 1903, the English company held 98 per cent. of the shares of the foreign company. It was decided that the former company *controlled* the latter, but that this fact alone did not prove liability in respect of the total profits of the foreign company. It was necessary to prove that the business was *managed* by the English company. Similarly, in *Stanley v. Gramophone and Typewriter Ltd.*, 1908, it was held that "the Crown can only succeed in sustaining an assessment on an English company which holds the shares of a German company which conducts the foreign business by making out that the German company was merely the agent of the English company as principal in carrying on the business. Nothing short of this would suffice." The essential consideration justifying the assessing of a company as a resident in the United Kingdom is, therefore, that the centre of management is in this country. A vital point is whether there are any other persons or concerns holding interests in the foreign company which may clash with the interests of the English company.

RETURNS.

Returns are dealt with in Chapters VI and VII, where several specimens will be found. The principal rules may be summarised here—

(1) *Schedule D (Profits of trade, etc.).*

(a) The public announcements are the legal notices requiring returns to be made ; individual forms are required to be served, but no plea can be entered that such a form was not received ;

(b) A return is *required* on page 2 ; the precedent acting partner must state the firm's profits on this page of a firm's form, and each partner must return all untaxed income not included in the firm's return (or state "none") on page 2 of his own form ;

(c) The other spaces provided on the form are mainly for the use of persons desiring to make claims in respect of insurance, children, exemption, abatement or earned income relief. The last-mentioned claim must be made before 30th September in the year of assessment.

(2) *Schedule E.*

(d) See under (a) above.

RETURNS—(contd.)

(e) A return may be required on page 1 of form 12 (or 12 A); the other spaces are intended for claims as under (c) above.

See also under ALLOWANCES (as to what may be claimed); LODGERS; PENALTIES (for failure to make a true return).

ROAD MAKING.

The cost of road making may be allowed to be set against profits where it is part of the business whose profits are assessed, *e.g.*, in the case of an estate development company. (See under PLANTATIONS for an example in which such cost may not be deducted from profits. See also under PAVING.)

ROYALTIES.

See under LITERARY COPYRIGHT; MANORS; and PATENTS. Tax should be deducted from mining royalties in accordance with the provisions stated under ANNUAL PAYMENTS.

RUBBER COMPANIES.

See under PLANTATIONS.

SALT SPRINGS OR WORKS.

These concerns are assessed under Schedule A, No. III, on the profits arising within the year preceding the year of assessment. (*I. T. A.*, 1842, s. 60.) Such rules of Schedule D as are consistent with the rules of Schedule A, No. III are made to apply. (*R. A.*, 1866, s. 8.) The chief differences between the assessment of salt springs or works and of ordinary trades are: (a) the assessment on the previous year's profits, and (b) the inadmissibility of the deduction from the profits of the land which is being worked. No deduction may be made in respect of the exhaustion of capital.

SAVINGS BANK INTEREST.

Interest allowed by the Post Office Savings Bank is paid without the deduction of tax therefrom, and should therefore be returned for assessment by any liable person to whom it accrues. The

SAVINGS BANK INTEREST—(contd.)

return should be based on the amount accruing within the year preceding the financial year of assessment.

Certain exemptions are allowed to savings banks, but not to liable depositors.

SCAFFOLDING.

Scaffolding is not regarded as plant or machinery in respect of which an allowance may be made for wear and tear. (See under DEPRECIATION.) It is within the term "implements, utensils or articles employed for the purpose of trade" the cost of whose supply, repairs or alterations may be charged against profits. (See under IMPLEMENTS as regards this expense.)

SCHEDULES OF ASSESSMENT.

The succeeding notes are written under the following headings : *Schedule A* (landlord's property tax) ; *Schedule B* (tax on profits arising from the occupation of land) ; *Schedules A and B* (rules common to both schedules) ; *Schedule C* (the assessment of annuities, interest etc., payable out of any public revenue) ; *Schedule D* (the assessment on profits of trades, professions, employments, interest, foreign income and all profits not charged under any other Schedule) ; *Schedule E* (the assessment of the profits of an office or employment under a society, company, public body, etc.).

See also under APPEALS, ASSESSMENTS, and PROFITS for rules which have general application.

SCHEDULE A.

Numerous notes pertaining to Schedule A will be found under appropriate headings (*e.g.*, RENT, REPAIRS, TENANT, etc.). The present note will set forth the general rules and summarise the principal points of interest. Rules common to Schedules A and B will be found under the second heading after this.

Duty under Schedule A is frequently known as property tax, and is chargeable in respect of the rents and other profits which arise from the ownership of lands, tenements, hereditaments and heritages in the United Kingdom. (*I.T.A.*, 1842, s. 60.) Assessments are made under three rules, viz. : *No. I* (or the *General Rule*)

SCHEDULE A.—(*contd.*)

for all lands and property capable of actual occupation, including all lands and properties not included in No. II or No. III (assessments under No. I are based on the annual value of the subjects charged); *No. II*, for tithes, church dues, manors and royalties, fines and other profits arising from land not in the occupation of the person chargeable (assessments under No. II are made according to actual receipts on various averages); *No. III*, for quarries, mines and ironworks, gasworks, waterworks, railways and twelve other concerns in the nature of trade (assessments under No. III are made according to actual receipts on various averages; see page 344).

No. IV contains additional rules for assessments under No. I and No. II. *No. V* provides for the allowance of certain expenses from such assessments (tenths, first-fruits, procurations, land-tax, drainage rates, etc.). *No. VI* grants exemption in respect of the properties or rents of hospitals, almshouses, public schools, literary and scientific institutions, charities, etc.

The preceding paragraphs set forth the structure of Schedule A. The rules which are of practical importance will now be summarised. The general rule (No. I) referred to above provides for assessment according to annual value, which is taken to be the rent by the year at which the properties are let at rack-rent, if the amount of such rent has been fixed by agreement within seven years; if not so let at rack-rent, then at the rack-rent at which the same are worth to be let by the year. When a landlord pays out of the rent any parochial rates, taxes, and assessments chargeable on the occupier, the annual value is estimated exclusive of those payments (taken as the actual amounts paid in the preceding year). Where a tenant contracts to pay aids, taxes or assessments chargeable on or payable by the landlord, the amount thereof paid in the preceding year is added to the rent or estimate under the general rule. (See under **ANNUAL VALUE** and **RACK-RENT**.)

If the annual value cannot be otherwise ascertained, the assessment should be made on the sums in the poor rate, if rated at the full value, or on sums proportionate to those in the poor rate, if rated proportionately to the full value.

Returns of land and property are required. In the case of

SCHEDULE A.—(*contd.*)

houses, tenements, or lands of an annual value of less than £10, the assessor may estimate the annual value without requiring a return, unless the surveyor objects to his estimate. The production of any lease may be required.

When land is let at a reserved rent in consideration of improvements by the tenants, the rent being settled on the medium annual value in the expectation of a progressive improvement, the assessment under Schedule A should be made on the reserved rent.

Duty may not be levied on any house for a period during which it is unoccupied.

The commissioners, inspectors, surveyors, and assessors, or persons authorised by them, may at all seasonable times inspect the rate books and take copies or extracts without payment of any fee.

The local general commissioners may make an order for the assessors, inspectors, and surveyors, with a person of skill, to inspect the lands or property after two days' notice, and "at all seasonable times in the day-time."

Deductions are allowed under No. V in respect of the following expenditure : (1) tenths, first-fruits, duties and fees on presentation paid by any ecclesiastical person within the year preceding that in which the assessment is made ; (2) procurations and synodals paid by any ecclesiastical person on an average of seven years preceding ; (3) repairs of collegiate churches and chapels, and chancels of universities or any college or hall in any university, by any ecclesiastical or collegiate body, rector, vicar, or other person bound to repair, on the actual expenses of the preceding year ; (4) parochial rates, taxes, and assessments on any rent-charge confirmed by the Act for the commutation of tithes, on the amount paid in the year for which the assessment is made ; (5) land tax charged on lands, tenements, hereditaments, or heritages ; (6) the amount charged by public rate or assessment in respect of drainage, fencing, or embanking. (See under these headings, also under SEA-WALLS.)

Certain other allowances are stated under REPAIRS, including an allowance made (since 1909-10) in respect of expense incurred for maintenance, repairs, insurance, and management. (See also under FLOODS.)

Duties under Schedule A are chargeable on and payable by the

SCHEDULE A.—(*contd.*)

occupier for the time being, his executors, administrators, and assigns. Every person having the use of any lands or tenements is considered to be the occupier. Occupiers may deduct tax from rent (see under RENT), and in certain cases the assessments are made direct on the landlords. The latter are authorised to retain tax on interest and other charges paid out of the rent. (See under LANDLORD.)

Quarries of stone, slate, limestone, or chalk, and mines of coal, tin, lead, copper, mundic, iron, and other mines, are assessable according to the rules of Schedule D, but quarries on the profits of the preceding year, and mines on the average profits of the five preceding years. (See under QUARRIES and MINES.)

Ironworks, gasworks, salt springs or works, alum mines or works, waterworks, streams of water, canals, inland navigations, docks, drains and levels, fishings, rights of market and fairs, tolls, railways and other ways, bridges, ferries, and other concerns of like nature, are assessable according to the rules of Schedule D, but on the profits of the year preceding. (See under the headings given to each subject.)

See also under TITHES. Specimen assessments are given in Chapter VIII.

SCHEDULE B.

Duty is charged under Schedule B in respect of the profits which arise from the occupation of land by a farmer or other person. The rules of this schedule follow after those of Schedule A (*I.T.A.*, 1842, s. 63). No. VII directs that the duty shall be charged on all properties included within No. I (see under SCHEDULE A) *except dwelling-houses* (but not excepting farmhouses occupied under the same demise as a farm and for the purpose of farming the same), *and buildings occupied for the purpose of carrying on a trade or profession*. That is to say, duty is chargeable under Schedule B in respect of all lands, including farmhouses (with farm buildings) *rented* and occupied with the lands for farm purposes. Labourers' cottages, a farmhouse occupied by the owner, and a farmhouse used for purposes of trade (*e.g.*, by a blacksmith, auctioneer, etc.) are not within the charge. Duty is chargeable on one-third of the annual

SCHEDULE B.—(*contd.*)

value of the subject assessed, that annual value having been fixed under No. I of Schedule A. It has been held that a deer forest is assessable under Schedule B on this basis (*In re Middleton*, 1876), and that a tenant who held two leases of a farm, one for grazing and one for shooting rights, should be charged under Schedule B in the combined rents, as for Schedule A. (*Revell v. Scott*, 1895.) When land is let at a reserved rent in consideration of improvements by the tenant, the rent being settled on the medium annual value in the expectation of a progressive improvement, the assessment under Schedule B should be made on the rack-rent for the term of the lease as ascertained at the commencement of the demise. (See under RACK-RENT.) The allowance for repairs, drainage, tithe, etc., referred to under SCHEDULE A does not extend to Schedule B. Duty charged under the latter schedule is paid and borne by the occupier. See also under FARMS and FARMHOUSES. Specimen assessments will be found in Chapter VIII.

SCHEDULES A AND B.

Rules common to Schedules A and B will be found under ANNUAL VALUE (the basis of charge), LEASE (as evidence of annual value), COLLECTION (as to the payment of duties), and FLOODS (as to losses caused thereby).

Assessments made under these schedules usually last for five years, the Finance Acts of the four intermediate years directing that the annual value adopted for the previous year, shall also be taken as the annual value of the current year. In such years the assessment may be varied by the commissioners or appealed against by the person assessed only (a) if lands have been divided or premises structurally altered, thereby creating a new subject of charge; (b) if the original assessment is now found to have been erroneous at the time when it was made; (c) as regards allowances in respect of repairs, exemption, etc., which may be revised annually. In *Turner v. Carlton*, 1909, it was held that an assessment under Schedule A, which was fixed in 1903-4, could not be altered for subsequent years for which the assessment for 1903-4 was required to be adopted.

Specimen assessments will be found in Chapter VIII.

SCHEDULE C.

Schedule C includes profits arising from interest, annuities and dividends, and shares of annuities payable out of any public revenue, whether British, colonial, or foreign (*e.g.*, Government Stocks, etc.). The duty is assessed by the special commissioners on the persons and bodies entrusted with the payment of the income concerned. These persons and bodies are required to deliver to the Board of Inland Revenue written statements, showing their names and residences, and particulars of the sums entrusted to them for payment. The statements must be delivered within one calendar month of the publication in the *London Gazette* of a notice requiring them. On demand, the persons referred to must deliver, for the use of the special commissioners, accounts of all amounts payable by them. Duty must be paid to the Board's account in the Bank of England, and a corresponding deduction may be made in paying the interest, etc., to the persons entitled thereto. The commissioners are not required to assess interest, etc., paid through the Bank of England or the National Debt Commissioners, where the half-yearly payment does not amount to 50s. In such cases duty is chargeable on liable persons on the amount accruing in the year preceding the year of assessment.

Liability extends to dividends, etc., where the right or title of the person to whom they are payable is shown by the registration of his name in any book or list ordinarily kept in the United Kingdom. Income tax is not payable, however, in respect of the interest or dividends of any foreign or colonial possession, where it is proved to the Board that the person owning the securities and entitled to the interest is not resident in the United Kingdom. Any repayment of duty must be claimed within six months after the year of charge. (See under NON-RESIDENT.)

The expression "person entrusted with payment," referred to above includes (a) any banker or person acting as a banker who sells or otherwise realises coupons for bills of exchange; (b) any person who, by means of coupons (including warrants for bills of exchange, etc.), obtains payment of dividends elsewhere than in the United Kingdom; (c) any dealer in coupons purchasing coupons for dividends (save such as are payable in the United Kingdom only) otherwise than from a banker or another dealer. Such persons,

SCHEDULE C.—(contd.)

having performed all acts necessary to the assessing and paying of the duty, are entitled to not less than 3d. in the £ on the amount paid. This and other matters in this connection should be arranged with the special commissioners at Somerset House. No obligation is imposed on any banker or other person to disclose any particulars relating to the affairs of any person on whose behalf he may be acting.

See also under DEDUCTION OF TAX.

SCHEDULE D.

Duty is chargeable under Schedule D—

(a) *On any person residing in the United Kingdom*, in respect of all profit arising in this country, of all profit arising abroad which is received in this country, and, from 1914/15, of certain foreign income remaining abroad (see under FOREIGN INCOME);

(b) *On any person not residing in the United Kingdom*, in respect of all profit arising in this country. (*I.T.A.*, 1853, s. 2.)

Interest as well as profit is a subject of charge. (See under INTEREST.)

Three questions arise from the above statement of liability. First, what is it to reside in this country? Secondly, what is included in the word "profit"? Thirdly, what profit may be said to arise in this country? Each of these matters has received a legal interpretation different from that which might be anticipated without examination. The first two are dealt with under RESIDENCE and PROFIT respectively. The third may be answered as follows. Income arises in the United Kingdom (a) when its source is a trade, etc., exercised in this country, and (b) when its source is a trade whose centre of management is in this country, wherever its trading operations may be carried on. These subjects are considered in detail under various headings indicated under FOREIGN.

Having decided that any income is within the rules of Schedule D, it remains to classify it according to its source. Schedule D contains six cases (*I.T.A.*, 1842, s. 100), whose subjects and rules of assessment are as follows—

Case I. Profits in respect of any trade, manufacture, adventure, or concern in the nature of trade, assessable on the average profits of

SCHEDULE D.—(*contd.*)

the three preceding years ending on 5th April, or on such day of the year immediately preceding on which the accounts have been usually made up. If the concern has been set up within the three years, the profits must be computed on the average from its commencement. If it has been set up within the year of assessment, the profits should be estimated according to the rules of Case VI. (See Chapters III and IV as to trade averages and exceptions thereto.)

Case II. Profits in respect of professions, employments or vocations assessable on the average profits as in Case I. The profits assessed under Cases I and II must exclude the profits derived from lands, etc., occupied for the purposes of the concern.

Case III. Profits of an uncertain value (including interest not being annual interest, and the profits of a dealer in cattle or a seller of milk not covered by the assessment under Schedule B), assessable on the profits of the preceding year.

Case IV. Profits in respect of interest arising from foreign and colonial securities (except those charged under Schedule C), assessable on the full amount of the sums received in the United Kingdom during the year of assessment. (See under FOREIGN SECURITIES.)

Case V. Profits in respect of sums or value received in the United Kingdom from foreign or colonial possessions, assessable on the average stated in Case I. (See under FOREIGN POSSESSIONS.)

For 1914/15 and subsequent years certain foreign income is assessable although it may remain abroad. (See under FOREIGN INCOME.)

Case VI. Profits not falling under any other schedule or under Cases I to V, assessable on such average as the case may require or the commissioners may direct. The scope of Cases III and VI is indicated under PROFITS.

The computation of duty in respect of any trade, manufacture, adventure, or concern, or any profession carried on by two or more persons jointly, is made jointly and in one sum, separate and distinct from any other duty chargeable on the same persons. A return is required from the partner first named in the deed of partnership or, where there is none, from the partner named singly or with precedence in the usual name of the firm, unless he does not act, when the duty falls to the precedent acting partner resident in the United

SCHEDULE D.—(*contd.*)

Kingdom. The return must be made on behalf of all the partners, and must show their names and addresses. Where no partner is resident in the United Kingdom, the return should be made by the agent, manager, or factor resident in the United Kingdom, but the assessment should be made on the partnership. The commissioners may require particulars from all partners as from the precedent acting partner. (See under **FIRMS' ACCOUNTS** and **FIRMS' RETURNS** for examples.)

Profits are assessable on the averages referred to notwithstanding any change in partnership (either by death or dissolution of partnership as to all or any of the partners, or by admitting any other partner), or the succession of another person to the concern before the time of making the assessment, or within the period for which the assessment ought to be made, unless the partners or the person succeeding prove to the commissioners' satisfaction that the profits have fallen short, or will fall short, from some specific cause since the change or succession took place, or by reason thereof. (See under **PARTNERS ; SUCCESSION ; SPECIFIC CAUSE.**)

SCHEDULE E.

Income tax is chargeable under Schedule E in respect of every public office of employment or profit, and the Schedule includes offices under the Crown, under any public corporation, or under any company or society whether corporate or not corporate. (*I. T. A.*, 1842 s. 146.) Since the passage of the Companies Acts the Schedule has been found to extend to officials of limited liability companies, a fact which causes a differentiation between such officials and employees of persons and firms, inasmuch as the average system of assessment does not extend to salaries assessable under Schedule E. The question of average will be dealt with later, but extracts may be given from two judgments confirming the applicability of the rules of Schedule E to the officials last mentioned. The first had to do with a person employed as bank agent by the Bank of Scotland. "I agree that income arising from an employment as a bank agent is assessable under Schedule E in all cases where the bank which employs him is a company or society whether corporate or not corporate." (*Lord Watson in Tennant v. Smith*, 1892.) The

SCHEDULE E.—(*contd.*)

second concerned the assessability of an employee of the African Association, Ltd., who served the company in West Africa. The question was as to the application of a particular section of Schedule E, and will be stated below, but the judge expressed a general opinion as follows: "Servants of companies exercising their employment within Great Britain would, I think, come within the section." (*Horridge, J., in Pickles v. Foster, 1912.*) There is one case which limits the extent of Schedule E. It has been decided that wage-earners such as engine-drivers, porters, and labourers do not hold an office or employment of profit, and are not within Schedule E. (*Attorney-General v. Lancashire and Yorkshire Railway Co., 1864.*)

Liability extends to "all salaries, fees, wages, perquisites, or profit which accrue by reason of office." It has been held that this description includes Easter offerings made to a clergyman by his congregation, and other voluntary subscriptions and grants given because of the office held by the recipient. (See under **BONUSES ; CLERGYMEN ; PERQUISITES.**)

Assessments are in force for one whole year, and may be levied for that year without a new assessment being made, notwithstanding any change during the year. If a person dies, his executors are liable for arrears of duty. If the annuity, pension, or stipend ceases within the year, a portion of the assessment may be discharged. When any person becomes entitled to any additional salary, fees, or emoluments, beyond the amount of his liability at the commencement of the year, he is chargeable for the same by additional assessment. (*I.T.A., 1853, s. 53.*) This raises the question of assessment on average, for if an assessment is to be made up to the amount received as ascertained at the end of the year, it is obvious that no average can be allowed.

The enactment just referred to must be read with other provisions of the acts, but there is no other direct reference as to the basis of assessment under Schedule E except as regards perquisites. The latter are deemed to be "such profits of offices and employments as arise from fees or other emoluments and are payable either by the Crown or the subject" (see under **PERQUISITES** as to what this includes), and may be estimated either on the profits of the preceding

SCHEDULE E.—(contd.)

year, or on the average profits of the three preceding years. (*I. T. A.*, 1842, s. 146, *Rule 4.*) Salaries, fees, wages, or profits are also included in Schedule E, and as they are not referred to here, they must be left to the operation of the provision requiring assessments on salaries, fees, and emoluments to be brought up to the amount payable for the year. There can be no doubt that this is the legal position, and it is only relieved within the well-known concession usually made by the local commissioners. In practice, *subordinate* employees of limited liability companies are allowed to be assessed on their average earnings. The commissioners of each locality, of course, reserve to themselves the right of deciding whether any person is a subordinate employee. They will usually allow the average to ordinary clerks and to travellers, but not to employees who hold positions of authority. (See also under **BONUSES** and **COMMISSION.**)

Deductions may be made of such duties or other sums chargeable on the office by Act of Parliament as are really and bona fide paid and borne by the person charged. Also there may be deducted all official deductions and payments made from the salaries, fees, wages, perquisites, profits, or pensions, if a due account thereof is rendered to the satisfaction of the commissioners. (These provisions have reference principally to government servants, but see under **SUPERANNUATION.**) In assessing duty in respect of any public office or employment, where the person exercising the same is necessarily obliged to incur and defray out of the salary, fees, or emoluments, the expenses of travelling in performance of the duties thereof, or of keeping and maintaining a horse to enable him to perform the same, or otherwise to lay out and expend money wholly, exclusively, and necessarily in performance of his office or employment, it is lawful for him to deduct from the amount of the salary to be assessed, the amount of all such expenses and disbursements necessarily incurred and defrayed. (See also under **CLERGYMEN.**) Allowance has been refused in respect of the wages of a domestic servant employed in the home of a national school mistress. *Bowers v. Harding*, 1891.) Expenses incurred by directors of a public company and by a clerk to justices, in travelling from their residences to their places of business, were not admitted as deductions.

SCHEDULE E.—(contd.)

(See under TRAVELLING EXPENSES.) Payments made by a clergyman to a substitute have also been disallowed. (See under SUBSTITUTE.)

The duties are assessed in the place where the offices are executed, and persons assessed for offices are deemed to have exercised them at the head office of the department under which they are held, although the duties are performed or the profits are payable elsewhere, within or out of the United Kingdom. The last-mentioned provision has been held to apply only to a department of the government service, and not to the case of a manager employed abroad by a trading company. (*Pickles v. Foster*, 1912.)

See under ASSESSMENTS and APPEALS for general rules on these subjects; also under DIRECTORS; EMPLOYEES; MANAGERS; SECRETARIES.

SCHOOLS.

See under PUBLIC SCHOOL as regards exemptions from income tax (Schedule A) and house duty. In assessing profits under Schedule D, no charge should be made for new or improved fixtures, but the cost of repairs and renewals may be deducted, and any other expense incurred in maintaining the fixtures at the same capital value. The depreciation allowance does not extend to the wear and tear of forms, desks, etc.

SCIENTIFIC INSTITUTIONS.

A scientific institution is entitled to exemption from income tax under Schedule A (property tax), in respect of any building which is the property of such institution and is used solely for its own purposes. No payment may be demanded or made for any instruction afforded there by lectures or otherwise, nor may the building be occupied by any officer or person paying rent for the same. (*I.T.A.*, 1842, s. 61, *Schedule A*, No. VI.)

The following cases have been decided with reference to corporation duty, from which an exemption may be claimed similar to that allowed from income tax as stated above. In *Society of Writers to H.M. Signet v. Commissioners of Inland Revenue* (1886), a claim to exemption as a scientific institution was refused on the ground

SCIENTIFIC INSTITUTIONS—(contd.)

that the Act requires the property in question to be in the main, and as the chief object, devoted to the promotion of education, literature, science or the fine arts. The institution referred to was held to exist in order to assist its members to make pecuniary gain by the exercise of their profession. In *Commissioners of Inland Revenue v. Forrest* (1890), exemption was allowed to the Institution of Civil Engineers on the ground that its primary object was the promotion of science in the abstract, the advancement of the professional interests of members being secondary to this main object. In *Royal College of Surgeons of England v. Commissioners of Inland Revenue* (1899), the college was held to have two main objects—(1) the promotion of science, (2) the encouragement of surgery, including the interests of surgeons and the examination of students. As there was no obligation to apply the property in question to the first object, the claim was refused. In *Sulley v. Royal College of Surgeons, Edinburgh* (1892), exemption was refused as the primary and proximate objects of the college were professional, and if it furthered research it was only incidentally.

The exemption is required to be claimed before the local commissioners of income tax. (See also under CHARITIES as regards the repayment of tax deducted from certain sources of income accruing to charitable trusts. See also under LITERARY INSTITUTIONS.)

SCRIP, INTEREST PAID IN.

Interest paid in scrip is assessable according to the value of the scrip. In cases of difficulty it may be necessary to adopt the course indicated under OPTIONS.

SEAFARERS

See under MARINERS.

SEA-WALLS

See under EMBANKMENTS.

SEASON TICKET.

See under TRAVELLING EXPENSES.

SECRETARIES

The secretary of a company is made personally responsible for the performance of certain duties in relation to income tax, principally in the way of making returns. When it was enacted that bodies, companies, societies, etc., should be chargeable with duties as any person is chargeable, the officer acting as treasurer, auditor or receiver was required to do all acts requisite for the assessing and paying of the duties. (*I.T.A.*, 1842, s. 40.) Such officer was specifically required to prepare a statement of profit (s. 54). Later the officers referred to were made answerable for doing all acts as were required to be done "in order to the assessing" of the officers and persons in the employment of the company, society, etc. (*C. & I.R.A.*, 1879, s. 18.) Since 1907 the duties imposed on officers as set forth above have been required, in the case of a company, to be performed by the secretary of the company, or other officer (by whatever name called) performing the duties of secretary. (*F.A.*, 1907, s. 22 (2).)

The returns required are twofold. The secretary must make a return of the company's profits, and the sending in of accounts does not relieve him of this duty. The same rules apply to a company as to an individual in this respect. A public notice is issued (usually in April or May), and may be seen on church doors or market houses. A particular notice is also issued to each person and company, but the public announcement is deemed to be sufficient notice of liability to make a return. (*I.T.A.*, 1842, s. 47 and 48.) It requires all liable persons and bodies to send in their returns within the time limited therein (usually twenty-one days). If a correct return is not made within that period a penalty may be imposed. (See under **PENALTIES**.)

The second return relates to employees. Each employer was formerly required to send in a list of his liable employees. (*I.T.A.*, 1842, s. 50.) Now, however, every employer, when so required by notice from an assessor, is required within the time limited thereon (usually twenty-one days), to prepare and deliver to that official a return of the names and places of residence of persons employed by him. All employees must be included except those who fulfil two conditions, *i.e.*, who are not employed in any other employment and whose remuneration for the year does not exceed £160. It

SECRETARIES—(*contd.*)

should be noted that the conditions are concurrent and not alternative. The list must also show what payments are made to each person included thereon in respect of the employment in question. (*F. A.*, 1907, s. 21 (1).) Where the employer is a body of persons (including a company), the secretary of the body, or other officer (by whatever name called) performing the duties of secretary, is deemed to be the employer for the purpose of making this return; any director of the company or other person engaged in the management thereof is deemed to be a person employed. (*F. A.*, 1907, s. 21 (2).) As the secretary is deemed to be the employer, it is evident that he is personally liable to the penalty which may be imposed in case of failure to make a correct return. (See under **PENALTIES**.)

In practice then, the secretary's duties are to make a return of profits on Form 11 (a specimen return is given in Chapter VII), and to give particulars of employees on Form 46. The latter provides columns for the name, address, and position of each employee, and for particulars of his anticipated remuneration during the current year, and any extra fees, bonuses, etc., in the preceding year. The year in question runs from and to 5th April, and there is no provision entitling the secretary to select any other date. In ordinary circumstances, however, the authorities make no objection to the return being made to 31st March unless a considerable amount is involved. A secretary sometimes experiences difficulty in making the return, in that he fears he may omit an employee who should be included. He knows that the only employees who may be ignored are those whom he has grounds for believing will receive no more than £160 in the current financial year, and who have no other employment. Where he has no knowledge with regard to the second matter he may remember (*a*) that if he takes reasonable care in preparing the return no difficulty can arise which may not be remedied, and (*b*) that it is easy to err on the right side by including any case concerning which he has doubts.

Bonuses, gratuities, and all other payments should be returned. Secretaries usually arrange with the surveyor of taxes to adopt one of two plans: (1) to include the previous year's extra payments in the extreme right-hand column of the form, or (2) to leave that

SECRETARIES—(contd.)

column blank and to make a supplementary return on application at the end of the year. In many cases a return of increments is also asked for at the end of the year.

Other matters of interest to secretaries will be found under COMPANIES ; DIRECTORS ; DIVIDENDS ; FOREIGN (as regards companies trading abroad, etc.), and under SCHEDULE E. (See also under PRIVATE SECRETARIES.)

SECURITIES.

See under FOREIGN SECURITIES and INVESTMENTS.

SERVANTS.

The expense of keeping a servant may only be charged against profits when such servant is engaged in the business whose profits are assessed. A woman teacher was not allowed to set against her salary the wages of a domestic servant employed by her to perform the home duties which her employment prevented her from attending to herself. (*Bowers v. Harding*, 1891.)

See also under BOARD.

SEWERS.

It has been held that income tax is payable on the full annual value under Schedule A, No. I, of a sewer in respect of which rates are payable. Certain rents formed the sole income in respect of a sewer, and the balance of the expenditure was met out of the rates. It was held that the sewer was capable of occupation in the legal sense, and that Schedule A, No. III, did not therefore apply. (See under SCHEDULE A as regards No. I and No. III.) (*Ystradyfodwg and Pontypridd Main Sewerage Board v. Bensted*, 1907.)

SHAFTS.

See under MINES.

SHAREHOLDERS.

See under DIVIDENDS. A shareholder has no duties, as such, with regard to income tax. The company is assessable and the necessary acts are required to be performed by the secretary. (See also under FOREIGN SHAREHOLDERS.)

SHARES, PROFIT TAKEN IN.

See under PAPER PROFITS.

SHIPPING.

A ship is considered plant and machinery in respect of which a depreciation allowance may be claimed. (See under DEPRECIATION.) Several cases have been decided as to various correct and incorrect methods of estimating the allowance due. In *Burnley Steamship Co. v. Aikin* (1894), it was held that no loss in value of a ship by reason of its becoming obsolete may be regarded. In *Leith, Hull and Hamburg Steam Packet Co. v. Musgrave* (1899), the Court ruled that the commissioners may not restrict the allowance by any reference to interest which the sum allowed would produce, if invested during the lives of the ships concerned. In *Cunard Steamship Co. v. Coulson* (1899), it was held that the commissioners were not wrong in basing the allowance on the wear and tear occurring during the year of assessment. (This is the usual method.) In *Scottish Shire Line, Ltd. v. Lethem* (1912), it was held that arrears of a depreciation allowance continued to be attached to ships which came into new proprietorship, where the new owners were assessed as successors to their predecessor's business. This case is also referred to under DEPRECIATION, and certain general rules are stated under that heading which refer to both sailing ships and steamships.

Any loss incurred on the sale of a ship is regarded as a loss of capital, and may not be set against the profits of a shipping concern. Similarly, any profit so arising is regarded as an increase of capital and is not assessable. Where a vessel is scrapped as obsolete, an allowance may be claimed as stated under OBSOLESCENCE. If a ship is lost, sums received under a policy should not be added to the profits, but neither should any capital loss incurred in this way be charged as a trade loss. Premiums paid to underwriters are allowed to be charged, but a shipping concern which sets aside money to provide an insurance fund or reserve may not, according to the strict rule, deduct such sums from its profits; neither may it charge as a trade expense any sums taken out of that insurance fund or reserve to meet an actual loss. (*Thompson v. Western Steamship Co., Ltd.*, 1907.)

SHIPPING—(contd.)

A shipping company whose meetings are held at its registered office abroad, and whose managers reside abroad, was held not to be resident in the United Kingdom, and therefore, not assessable on its entire profits. But as the chartering and certain voyage receipts were dealt with by a Glasgow firm, who retained the funds for payment of expenses and dividends in this country, it was held that the company exercised a trade here, and that the Glasgow agents were assessable in respect of profits accruing therefrom. (*Wingate v. Webber*, 1897.) Similar cases regarding concerns of a different nature will be found on reference to the heading FOREIGN.

Where a tramp steamship was sold without the transfer of books or customers, it was held that the assessment on the new owners should not be based on an average to include any part of the trading of the previous owners. (*Watson Bros. v. Lothian*, 1902.) (See under SUCCESSION for the rules on this matter.)

A company which owned one ship, acquired fifty-nine sixty-fourths of a second ship, whose accounts and management it took over. It was held that the second ship was a separate concern, carried on by a partnership of the company, and the owners of the remaining five sixty-fourths. Its profits were, therefore, assessed in one sum on such partnership, and the profits of the company's old ship continued to be assessed separately. (*Farrell v. Sunderland Steamship Co., Ltd.*, 1903.) The law as to the assessment of a partnership is stated under PARTNERS.

SHOOTING RIGHTS.

See under SPORTING RIGHTS.

SICK CLUBS.

See under CLUBS.

SINKING FUNDS.

It is a rule of income tax that when once profits arise they are assessable in full, irrespective of their application. This has been decided in numerous cases of which two may be mentioned. In *Blake v. Imperial Railway* (1884), the company received an annuity which was liable to assessment, but set aside a portion of it to pay

SINKING FUNDS—(contd.)

off its debentures. The annuity was assessed in full. In *Harris v. Corporation of Irvine* (1900), the corporation realised a surplus on the sale of water to neighbouring authorities, but applied part of it to a sinking fund. After ruling that the surplus was profit assessable to income tax, the Lord President said: "If the surplus is in the nature of profits it cannot be deprived of that character by being dedicated and applied to a particular purpose." There are also other cases to the same effect of which *City of Dublin Steam Packet Co. v. O'Brien* (1912) is a recent example.

Additions to a sinking fund cannot be regarded as trade expenses chargeable before the balance of profit is arrived at, for the reason that the only object of such a fund is to reduce a capital charge. No capital charge is admissible as a trade expense. (*I.T.A.*, 1842, s. 100, *Schedule D, Case 1, Rule 3.*)

SLATE CLUBS.

See under CLUBS.

SLEEPING PARTNER.

A sleeping partner is not entitled to be charged at an earned income rate in respect of his share of the partnership profits. He may claim exemption or abatement, and the allowances in respect of life insurance and children under sixteen, if he is otherwise entitled thereto. (See under PARTNERS for general rules as to partnerships.)

A person who is resident in the United Kingdom and is a sleeping partner in a foreign or colonial firm, is assessable only on such profits as he receives in this country. (*I.T.A.* 1842, s. 100. *Case V; Colquhoun v. Brooks*, 1889.)

SMALL HOLDINGS.

A small holding of land, held under the Small Holdings Act, is chargeable as any other holding of land (see under LANDS), subject to the holder being exempted if his income does not exceed £160 per annum. (See under EXEMPTIONS.)

SOCIETIES.

See under CLUBS; also under COMPANIES.

SOLICITOR AT APPEALS.

See under ACCOUNTANTS; BARRISTERS AND SOLICITORS AT APPEALS.

SPECIAL COMMISSIONERS.

The special commissioners are salaried officials appointed by the Treasury. Their office forms a branch of Somerset House, London, but their functions extend over the United Kingdom. All assessments in Ireland are made by them, as are all assessments on railways and railway officials in Great Britain. Any person who is chargeable under Schedule D may require all proceedings in relation to his assessment to be before the special commissioners, instead of the local general commissioners. In this case he should make his return to the local assessor within the time prescribed on the form served on him, but may seal it and endorse the envelope "for special assessment." If it is desired, the surveyor of taxes will accept the return direct. All special assessments are made through the last mentioned official. Duty charged thereby is payable, on demand, to the collector of customs and excise (a permanent Crown servant) and not to the local collector of taxes. If payment is delayed unduly, however, the local collector may be authorised to collect or distrain, or legal proceedings may be taken. (*I.T.A.* 1842, s. 49 and s. 131.)

Appeal may be made from the special commissioners to the commissioners of inland revenue, or a case for the High Court may be demanded on a point of law. (See under HIGH COURT APPEALS.)

Any person assessed under Schedule D by the local general commissioners may appeal to the special commissioners, whose decision shall be final, save for an appeal to the High Court on a point of law. (*I.T.A.* 1842, s. 130.) Appeals are also allowed to the special commissioners from any assessment in respect of a mine or quarry. (*I.T.A.* 1860, s. 7.)

See also under SUPER-TAX.

SPECIFIC CAUSE OF LOSS.

The practical side of this subject is dealt with in Chapter IV. The following note deals with the principle involved and with legal difficulties.

SPECIFIC CAUSE OF LOSS—(contd.)

(a) It is provided that if any person charged under Schedule D *ceases* to exercise a profession or to carry on a trade, employment or vocation, or *dies*, or *becomes bankrupt* during the year, he or his executors may make application to the local general commissioners (within three calendar months of the end of the year) for the assessment to be amended as the case may require (usually to the amount of the profits arising in that year — *Inland Revenue v. Farie*, 1878).

(b) The section continues that if “from any other specific cause” such a person is deprived of or loses the profits on which the duty was computed, he may be relieved as stated above.

(c) But a proviso follows. If any person has succeeded to the trade or business in question, no adjustment may be made unless it is proved that the profits have fallen short from some specific cause since or by reason of the succession. (*I.T. A.* 1842, s. 134.)

The meaning of paragraph (a) is obvious, and the application to it of the proviso in paragraph (c) is clear. If a business ceases in any year, the assessment for that year may be amended according to the facts. If a business undergoes a change of proprietorship in any year the assessment may be amended similarly, but only if the profits fall short of the amount of the assessment owing to the operation of some specific cause of loss. That specific cause must have arisen since the change of proprietorship, *or* by reason of that change. That is to say, the change is not a specific cause in itself, but the specific cause may have arisen because of the change. (The meaning of “specific cause” will be dealt with later.)

But the intention of paragraph (b) is not so obvious. Taken by itself it would suggest that, if a person is assessed on his average profits, but can show that owing to some specific cause he has been deprived of or has lost the profits assessed, such person may require the assessment to be reduced to the actual profit. If this view is taken, paragraph (c) can have no possible reference to paragraph (b), but can only restrict the right of appeal in cases where a new proprietor has succeeded an old one. That is to say, if a specific cause of loss compels the original owner to dispose of his business, the assessment may not be amended (even for the part of the year during which he is the owner) unless that or another specific cause operates also after the new owner's succession (paragraphs (a) and

SPECIFIC CAUSE OF LOSS—(contd.)

(c) read together). But if that owner retains his business throughout the year he may have the assessment amended, irrespective of the continued existence of a specific cause (paragraph (b) read alone). This anomaly suggests that paragraph (b) may not be read alone, and other reasons leading to this conclusion will now be given.

The place occupied by the section under consideration (s. 134) in the Income Tax Act, 1842, may first be indicated. It followed the well-known section 133 (repealed in 1907) which provided that where actual profits fell short of an average assessment, that assessment should be reduced. The provisions of section 134 have been indicated. Briefly, it applies the *general* relief granted by section 133 to the *particular* cases of a cessation of business or change in proprietorship. But why should such a section be necessary? If paragraph (b) is read alone, does it not repeat the enactment contained in section 133, save that the latter has no restriction and the former confines itself to cases where a specific cause has operated? The saving last referred to would render section 134 still more unnecessary, inasmuch as the greater (s. 133) includes the less (s. 134 if paragraph (b) may be read alone). It is necessary, then, to find some other reason for the existence of section 134.

Its existence is justified by reference to a rule of section 100. (Schedule D. Cases I and II, Rule 4.) That rule meets the case where there has been a change in partnership as to all or any of the partners, or where a new owner has succeeded to a business. It provides that the average profits of the business shall continue to afford the basis of assessment, irrespective of the change in proprietorship; but it adds that the new owner may have the assessment amended if he can prove that his profits have fallen short, or will fall short, owing to a specific cause since his succession to the business, or by reason thereof. It will now be understood that section 133 was not enough in itself, inasmuch as rule 4 prevented its operation whenever there was a change in proprietorship. Section 134 is therefore intended to meet such cases as these. Paragraph (b) may not be read alone, but must be taken in conjunction with paragraphs (a) and (c). The proviso of paragraph (c) governs paragraph (b) as well as paragraph (a) (as its place after both would indicate); this being so, paragraph (b) must relate to circumstances in which the

SPECIFIC CAUSE OF LOSS—(contd.)

change in proprietorship referred to in paragraph (c) is possible. The *ejusdem generis* rule also supports this view of the intention of the section. This rule would require "any other specific cause" in paragraph (b) to be of the same nature as the specific causes already cited in paragraph (a), *i.e.*, to be something which puts an end to the first proprietorship of the business. *The adjustment may therefore be allowed only where there has been a cessation of the business, or a change in the ownership thereof followed by a specific cause of loss.*

It has been held that an "unusual, exceptional and extraordinary depression of trade" may be regarded as a specific cause of loss. (*Ryhope Coal Co. v. Foyer*, 1881.) Where a change in proprietorship is followed by the removal of the business to other premises or by the opening of a rival shop, etc., these circumstances may be advanced as specific causes of loss if the facts support such a contention. These specific causes would, of course, be said to arise *since* the change in ownership. A specific cause might arise *by reason* of the change where the withdrawing of a retiring partner's personal influence was greatly felt (particularly in professions such as a doctor's, lawyer's, etc.), or where the new proprietor was handicapped by having less capital than his predecessor, etc. The matter is one of fact and each case must be judged on its merits.

See Chapter IV for examples of adjustments made under this section.

SPINSTER.

A single woman is assessable under the same rules as a man in every respect. (See under HUSBAND AND WIFE as to a claim to exemption or abatement by a woman for a year during which she is married.)

SPORTING RIGHTS.

See under SCHEDULE B as to the inclusion of the annual value of sporting rights in an assessment. (See also under FISHERIES.)

SPORTS CLUBS AND GROUNDS.

See under CLUBS. The particular rules applicable to Sports Clubs are stated under GOLF CLUBS, concerning which a legal ruling has been obtained.

SPORTS CLUBS AND GROUNDS—(contd.)

Sporting grounds are assessable, under both Schedule A and Schedule B. Pavilions and other buildings are assessable under Schedule A only. House duty is chargeable if any person sleeps thereon.

STATIONERY.

The cost of stationery is properly chargeable against profits, except where such stationery is used in connection with capital transactions. Even in the latter case it may be ignored as insignificant.

STEAMERS.

See under SHIPPING.

STOCK.

The difference between the value of a trader's stock at the beginning and the end of the period under review, should be brought into the revenue account, either as such or potentially through having had its effect on the gross profit shown by the goods account. This is, of course, a matter of correct book-keeping, but it requires to be noted by a trader who prepares a statement of cash receipts and payments only. An increase over the period will increase the profit otherwise shown; a decrease will decrease such profit.

The expenses of stock-taking may be charged as a trade expense.

STOCK-BROKER AND JOBBER.

See under the succeeding heading; also under INVESTMENTS.

STOCK EXCHANGE FEES AND SUBSCRIPTIONS.

The entrance fee required to be paid by members of the Stock Exchange may not be charged as a trade expense. It is a capital charge, as although it has to do with the general interests of the business it is not incurred in the course of trading. The annual subscription is regarded as a trade charge. It differs from the entrance fee in that it is an expense necessarily incurred in carrying on the business, and not an expense incurred before the business can be commenced.

STUD PROFITS.

See under RACING PROFITS.

SUBSCRIPTIONS.

A subscription may be charged as a trade expense only if it is "money wholly or exclusively laid out or expended for the purposes" of the trade, etc., assessed. Charitable subscriptions may not be so charged, even although they are given to maintain the prestige of the business. Such general outlays have more than once been held not to be admissible as deductions from the profits of a particular year. Where a specific subscription can be shown to have been given as a practically necessary adjunct to a particular piece of business, it should be allowed. Thus a caterer who subscribes towards a sports club as an understood return for certain privileges accorded to his trade, may charge that subscription against his profits. Similarly, an employer's subscription towards a hospital so that his employees may benefit thereby may be regarded as a trade expense.

See also under TRADE ASSOCIATIONS ; also under CLUBS.

SUBSTITUTE.

The expense incurred by a medical officer, a clergyman or minister, a schoolmaster, a clerk to magistrates or other body, or any other person in obtaining a *substitute*, may not be deducted from the emoluments of such person for the purposes of his income tax assessment. This rule was laid down in *Lothian v. Macrae*, 1884, when it was held that voluntary contributions made by a minister towards the stipend of the assistant minister may not be deducted from the assessment on the minister. Only such sums may be deducted as are incurred by the person assessed "in the performance of his duty." "I do not see how these words," commented Lord Mure in the case referred to, "can be held to cover any payment made to another party for the performance of that duty."

Where a person is able to hand over certain duties to another person with the approval of the appointing authority, which authority will apportion the remuneration between the two persons performing the duties, the second person is not the substitute of the first, and the latter is not then assessable on sums received by the former.

A substitute is assessable on remuneration received by him, whether or not his principal has already paid tax thereon—just as

SUBSTITUTE—(contd.)

a chauffeur (for example) is assessable on wages paid out of the taxed income of his employer.

See under **DEPUTY**.

SUCCESSION TO A BUSINESS.

It is provided that if, among any persons engaged in trade, etc., in partnership together, any change shall take place in such partnership, either by death, by dissolution of partnership as to all or any of the partners, or by admitting a new partner, the assessment on the firm shall still be computed on the average of past profits. (See Chapter III for the rules of the average system.)

It is also provided that if any person shall succeed to any business, he shall be assessed on the average of past profits as if the previous owner were still in possession. (*I.T.A.*, 1842, s. 100, *Schedule D. Cases I and II, Rule 4.*)

The rule is, therefore, that income tax assessments have regard to the profits of a business, irrespective of any changes in proprietorship. (There is one exception, which is described under **SPECIFIC CAUSE OF LOSS**.) But the question often arises whether it is the same business which has been carried on by the old and the new owners. In the case of a grocer's shop, for instance, there can be no doubt but that the same business continues in spite of a change of owners. If, however, a ship changes hands it is not so certain that the same business continues. The new owner may take over a trading connection with the ship, but on the other hand, he may use it for purposes quite different from those it had formerly been put to. In another case, also, a doubt may arise. When an old-established business absorbs another smaller business, the former may continue the latter in addition to its own, or it may practically end the latter owing to its new methods appealing to a different class of trade. It is certainly unlikely to end the business in question, but the matter remains one of fact, to be dealt with according to the particular circumstances of the case. Certain legal decisions will be noted, and then the general rules which control the subject will be stated.

Where a "tramp" steamship was sold without the transfer of books or customers, it was held that the new owners had not

SUCCESSION TO A BUSINESS—(contd.)

succeeded to the old business, but had commenced a new business of their own. A judge said: "There is no succession to any trade. There is simply the purchase of a corporeal moveable subject, which may or may not carry on the same business." (*Watson Brothers v. Lothian*, 1902.) A bank with 199 branches took over the business premises and staff of a single-branch bank. It contended that the existence of its own business should prevent it from being held that it took up and continued to carry on the business of the bank it had purchased. Thus it was argued that a business could not be succeeded to if it were absorbed, but the contention was rejected. "In the case of a new company, formed for the first time and acquiring the Stafford Bank, that would clearly be a case of a person succeeding. What difference does it make that the person who succeeds to the concern should himself already have an existing business?" (Judge in *Bell v. National Provincial Bank of England, Ltd.*, 1904.) Where a private concern was converted into a limited liability company, it was held that the same business had been succeeded to. "It is a new association carrying on an old trade." (Judge in *Ryhope Coal Co. v. Foyer*, 1881.) A company took over a certain distillery and worked it in connection with other business elsewhere. The local commissioners considered the particular circumstances of the case, and held that there was not a sufficient identity between the business formerly carried on and the new business, for the company to be regarded as having succeeded to the former. The higher Court declined to intervene, holding that the question was purely one of fact on which the local commissioners' decision was final. (*Alexander Ferguson and Co., Limited v. Aikin*, 1898.)

The general results are as follows:—

(a) *The question is first and foremost one of fact, as to whether there is an identity between the business carried on before and after the change in proprietorship*; it might be considered whether the new owner does substantially the same as his predecessor would have done had he continued in the business; the question as to relative profits might be some indication, but is not conclusive; other material factors are the general identity of the body of customers or clients, the similarity of the goods sold or services rendered, and the handing over of premises and books;

SUCCESSION TO A BUSINESS—(contd.)

(b) *If there is an identity between the business, the exact nature of the change in proprietorship is immaterial*; a succession may exist in any of the following circumstances: One or more partners leave the firm; one or more partners enter the firm; an altogether new owner or combination of owners may appear; a man's executors or creditors may take control; a new partner may be added to a firm (or may replace a retiring partner) and such new partner may bring with him a business connection which is absorbed in the firm's business—in which case the firm, as newly constituted, will have succeeded to the business of the old firm and to the business of the new partner; a firm with many branches may acquire a single-branch business and continue it as one of its own branches.

The following examples will illustrate the correct basis for an income tax return in such a case.

(1) T. Smith succeeds to the business formerly carried on by J. Jones. The profits are, 1908, £310; 1909, £300; 1910, £320; 1911, £360; 1912, £340; 1913, £360. The assessments should be as follows:—

1911/13	average of profits for 1908, 1909, and 1910	equals	£310
1912/13	" " " 1909, 1910, and 1911	"	£326
1913/14	" " " 1910, 1911, and 1912	"	£340
1914/15	" " " 1911, 1912, and 1913	"	£353

These assessments will be the same at whatever date T. Smith may have taken over the business. If this occurred during any financial year, the assessment for that year will be apportioned between J. Jones and T. Smith. Thus, if the change occurred as from 1st January, 1914, J. Jones will bear three-quarters of the 1913-14 assessment (£255) and T. Smith one quarter (£85), each subject to any abatement, etc., to which he is entitled on his own income during 1913-14. In 1914-15 T. Smith's assessment will be £353 as shown.

(2) A firm of stock-brokers with partners A, B and C, was recast as from 1st January, 1913, C retiring from business and a new partner, D, entering the firm. D had previously carried on business as stock-broker on his own account. The profits have been as shown on next page.

SUCCESSION TO A BUSINESS—(contd.)

1908	A, B & C ..	..	£4,000 ; D ..	..	£600
1909	" ..	..	£6,000 ; " ..	..	£1,000
1910	" ..	..	£3,000 ; " ..	..	£400
1911	" ..	..	£5,000 ; " ..	..	£900
1912	" ..	..	£4,000 ; " ..	..	£1,100
1913	A, B & D ..	..	£8,000.		

The assessments should be based on the average profits of the three preceding years, and will be as follows :—

1911/12	A, B & C ..	..	£4,333 ; D ..	..	£666
1912/13	" ..	..	£4,666 ; " ..	..	£766
1913/14	A, B & D ..	..	£4,000 plus £800 equals		£4,800
1914/15	" ..	..	£6,333 (average of £5,900, £5,100, and £8,000)		

As the change occurred three-quarters of the way through the financial year, 1912-13, for that year A, B and C must pay on three-quarters of £4,666, D must pay on three-quarters of £766, A, B and D must pay on a quarter of £4,666 and a quarter of £766.

It will be noted that C is stated to have retired. If he had continued in business after separating from A and B and had taken away his share of the connection of the firm A, B and C, then A, B and D could not have succeeded to the business of A, B and C. In this case all previous profits would be ignored as from the date of the change, and all subsequent assessments would be based on subsequent profits as for a new business. (See Chapters III and IV as regards the assessment of a new business.) Payment for the first three-quarters of 1912-13 should then be made as follows :—A, B and C on three-quarters of £4,666, D on three-quarters of £766. A, B and D and C should each pay on the actual profits accruing to them during the last quarter of 1912-13. It would not be equitable to charge tax on a quarter of £766 also.

Where a business is to a large extent personal to the proprietor, (*e.g.*, a solicitor) that fact may suggest that the business could not be succeeded to by a new proprietor. This is a matter for consideration under heading (*a*) above. (See under SPECIFIC CAUSE for an adjustment which may be claimed where a business has been succeeded to, but where the profits have fallen owing to the loss of the personal influence of a former proprietor.)

SUPERANNUATION.

Superannuation allowances are within the definition of "earned

SUPERANNUATION—(*contd.*)

income " in respect of which a lower rate may be charged. (See under PENSIONS.)

As regards the deductions from an assessment on salary, of the amount of any annual contribution towards a future superannuation allowance, it is provided under Schedule E that such a deduction shall be allowed in respect of " duties or other sums payable or chargeable " on the salary " by Act of Parliament, where the same have been really and bona fide paid and borne by the party to be charged." (*I.T.A. 1842*, s. 146.) Deductions made under an Act of Parliament from the salaries of poor law officers for the purposes of superannuation were held to be within this provision, although they were returnable in certain circumstances. " It is perfectly plain from the Superannuation Act that he might never derive the very smallest benefit, . . . that he might die, or that some circumstance might arise which would never entitle him to anything out of the Superannuation Fund." (Darling, J., in *Beaumont v. Bowers*, 1900.) Certain other deductions made from the salaries of corporation officials, also under an Act of Parliament, but which were returnable by way of allowance or lump sum with interest on death or retirement (except in cases of dismissal for dishonesty) were held not to be within the section referred to. " These sums of money never ceased to be the property of the person from whose salary or wages they were deducted. All that it is true to say, in my judgment, of these sums which have been deducted is, that the payment of them has been postponed." (*Vaughan Williams, L. J.* in *Bell v. Gribble* and *Hudson v. Gribble*, 1903.)

The essential difference between these cases was as follows. Where the deductions were allowed they represented bona fide charges on the salary which might never be returned to the person suffering them or his heirs. Where the deductions were not allowed they represented payments which (save in exceptional cases) would be returned in a lump sum with interest, or in the form of an allowance based on the amounts paid.

SUPER-TAX.

The subject of super-tax is dealt with in Chapter X. The law with regard thereto may be summarised here—

SUPER-TAX—(*contd.*)

(a) For the years 1909/10 to 1913/14 supertax is charged on all incomes which exceed £5,000, but no charge is made in respect of the first £3,000; for 1914/15 a charge is made on all incomes which exceed £3,000, but no charge is made on the first £2,500.

(b) For purposes of super-tax the incomes of a husband and wife are added and treated as one, but a separate return may be called for from the wife, and she may be required to pay her share of the duty;

(c) The total income is taken to be the aggregate of all income tax assessments on the husband and wife in the preceding year, of all income (dividends, etc.) taxed by deduction and receivable in the preceding year, and of all assessments on property owned by the husband and wife in the preceding year, *less* any charges in the preceding year from which income tax might have been deducted (annual interest, ground rent, etc.), and any life insurance premiums in respect of which income tax allowances might be made in the preceding year;

(d) Any person liable to super-tax must make a return (under a severe penalty) even if no form is served on him.

See under RATES OF TAX as to the rates chargeable.

SUPPLY ASSOCIATION.

See under CO-OPERATIVE SOCIETIES.

SURETIES.

It is difficult to imagine any case in which a trader may charge as a trade expense, a loss incurred by him in standing surety for another person. If it were part of his business to stand surety such a deduction from profits might be made, but not otherwise.

SUSPENSE ACCOUNTS.

Sums charged to a suspense account may not be deducted from profits for income tax purposes, as the acts recognise actual losses only. If a sum charged to such an account in a trader's books, but not allowed for income tax purposes, is subsequently lost, the trader should then deduct it from his profits for assessment purposes.

SYNDICATES.

One of the comparatively difficult problems of income tax liability has to do with concerns whose nature is suggested by the word "syndicate." The usual procedure of these concerns is to acquire property or other value for a specific sum and to dispose of this property, etc., for a larger sum. The latter operation is as essential as the former and is equally the object for which the syndicate was formed. When it is accomplished the syndicate dissolves, dividing amongst its members the proceeds of the sale. The question is whether the difference between the buying and selling price of the property is assessable to income tax.

Income tax is a tax on profits, and it is shown under PROFIT that this term includes (a) profits of trade, etc., and (b) certain other profits which are computed with relation to a year or paid in instalments which last over a year. If a syndicate purchases the copyright of a book and sells it in consideration of an annual royalty, that royalty is an annual profit within the meaning of (b). But a syndicate does not usually operate in this way. It is formed for a specific purpose and intends to dissolve as soon as that purpose is accomplished or has failed. This being so, it is practically impossible for a syndicate to be chargeable under (b) and the question becomes, "Has the syndicate *traded* in the property it has bought and sold?" The apparent answer is in the affirmative, but one must remember that an individual could not be regarded as having traded if he simply bought and sold one house or one share. Trading usually consists of a series of transactions, and anything less than this may hardly be considered as trading. In what sense, then, if any, can a syndicate's profits be assessed as the profit of trade, if its sole operation is to buy and sell a single property?

It is quite possible for the large majority of successful syndicates to be held liable on their profits, by reason of the fact that a special criterion of trading has been adopted by the Courts with reference to such concerns. The new consideration becomes—"Did the syndicate merely fulfil the object of its existence when it bought and sold property?" If so, it must be regarded as having traded in the property. If the syndicate was *not* formed for the specific purpose of buying and selling the property, but subsequently decided to do so, then these operations (taken alone) do not constitute

SYNDICATES—(*contd.*)

a trade, and the so-called profits are not assessable. This rule is dealt with in considerable detail under **TRADING**, and the cases which will now be cited provide several dicta which are included in the note under that heading. But in this place it will suffice to have stated the rule, and to give brief summaries of the facts to which the rule was applied in the cases referred to.

The cases are two in number, and in one instance liability was held to exist, and in the other the Crown's claim was rejected. In *Californian Copper Syndicate Limited v. Harris*, 1904, the syndicate was formed with a capital of £30,000, *inter alia*, to acquire copper and other mines, and certain mines named in particular, and to prospect and explore for the purpose of obtaining information, and to enter into treaties, contracts and engagements with respect to mines, mining rights and a number of other matters. It was also to carry on mercantile and commercial business and to work minerals, to establish and form companies for such objects, to accept payment in shares for property sold and to dispose of the same. Of the £28,332 realised by shares which were subscribed for, £24,000 was invested in a copper bearing field and the balance in preliminary, office and development expenses. The syndicate then sold the property to a second company for £300,000 fully paid up shares in that company. It was held that the profit which arose was the profit of a trade. Upon the facts referred to above, Lord Justice Clark commented: "These are some of the main purposes of the company (as above) and they certainly point distinctly to a highly speculative business, and the mode of their actual procedure was in the same direction I feel compelled to hold that this company was *in its conception* a company endeavouring to make profit by a trade or business, and that the profitable sale of its property was not truly a substitution of one form of investment for another. It is manifest that *it never did intend to work this mineral field* with the capital at its disposal. Such a thing was quite impossible. *Its purpose was to exploit the field* and obtain gain by inducing others to take it up on such terms as would bring substantial gain to themselves. This (the purpose) was that the turning of the investment to account was not to be merely incidental, but was the essential feature of the business, speculation being among the appointed means of

SYNDICATES—(contd.)

the company's gains." Lord Trayner also said : " My reading of the appellant company's Articles of Association along with other statements in the case, satisfies me that the sale on which the advantage was gained was a proper trading transaction, one within the company's power under their Articles, and *contemplated* as well as authorised by their Articles. I am satisfied that the Appellant Company was formed in order to acquire certain mineral fields or workings—not to work the same themselves for the benefit of the company, *but solely with a view and purpose of reselling the same at a profit.*"

In *Tebrau (Johore) Rubber Syndicate v. Farmer*, 1910, the syndicate was formed with the object of acquiring estates in the Malay Peninsula and developing them by planting and cultivating rubber trees. Power was taken in the memorandum of association to sell the property, and such a sale was contemplated in the prospectus issued at the inception of the company. The syndicate had a capital of £30,000, and acquired for £14,500, an estate, part of which was planted with rubber. It then purchased a second estate for £2,000. Its capital was inadequate to work these estates, and fourteen months later, in preference to increasing its capital or borrowing money, it sold its whole undertaking for £38,500 mostly in shares of the new company which was formed to acquire it. It was held that there was no liability to income tax on the transaction. Lord Salvesen declared : " I am unable to distinguish the position of the appellants from that of a person who acquires a property by way of investment and who realises it afterwards at a profit. . . . Here the appellant company *was formed primarily to acquire and develop* a certain estate mentioned, and any other estates suitable for the cultivation of rubber, and to carry on the business of developing and cultivating the said estates. *No doubt power was also taken to sell* any part of the undertaking and property of the company ; *and I assume that the promoters of the syndicate had in view from the first that it might become expedient to do so ; but I am unable to infer from this fact, taken along with the ultimate sale of the entire assets to a new company, that it was part of the trade of the syndicate to purchase and sell lands. . . . The prospectus shows that while it was in contemplation that, on the estate being sufficiently developed, the syndicate*

SYNDICATES—(contd.)

might sell it as a going concern, it would be [for the shareholders to determine whether that course should be adopted or whether the estate should be held and worked by the syndicate.] Lord Johnston added : “ Although from the name of the company one might have a certain amount of suspicion *that the real object of the company*, whatever its ostensible object was, was merely to turn over the property to another company, its prospectus has been drawn in such terms as not to justify that conclusion without something more, because its terms—and I may add what follows upon those terms—really involve the commencing of the company’s life as an original rubber company.”

The words which have been italicised for the purposes of this note contain the central thought of the Courts. The only essential matter for consideration is, whether there is sufficient evidence to justify the conclusion that the syndicate was formed to do what has been done. If so, those operations constitute the exercise of a trade.

See under PROFIT as to what, in a broad sense, constitutes liability to income tax ; also under TRADING as to what constitutes trading.

TEMPEST.

See under FLOODS. The allowance made is the same in both cases.

TENANTS.

A tenant of a house or other premises is assessable to income tax under Schedule A (property tax) and is responsible for the payment thereof. He may recoup himself by deducting a corresponding amount from his next payment of rent. (See under RENT.) In a few cases a landlord is deemed to be the occupier for purposes of assessment. (See under LANDLORD.) A tenant of lands is assessable under Schedule A and also under Schedule B. The latter charge he is required to bear himself as stated under LANDS. House duty is also a tenant’s tax.

A tenant may be called upon to pay any arrears of tax due from a former tenant (except when that tenant was also the owner), and may deduct any amount so paid from any subsequent payment of rent. (*I. T. A. 1853, s. 35.*)

TENANTS—(contd.)

Any application for duty made to a tenant in respect of premises on which he resides may be enforced by distraint.

See also under LANDLORD ; RECEIPT and RENT.

TENEMENTS.

See under APARTMENTS and FLATS.

THEFT.

See under BURGLARY and EMBEZZLEMENT.

TIED HOUSES.

See under LICENSED PREMISES.

TIMBER LANDS.

A deer forest has been held to be assessable under Schedule B on the value according to the general rule of Schedule A, No. 1. (See under SCHEDULE A.) (*In re Middleton*, 1876). This ruling would extend to all forests and woods. As, moreover, all land (except mines, etc.) is charged to duty under Schedule B on one-third of its annual value, land used for the cultivation of timber must be charged under this rule. The owner's profits, therefore, are charged under Schedule A on the rack-rent (see under RACK-RENT) and the occupier's profits under Schedule B on one-third of this amount.

TITHES.

Tithes taken in kind are assessable according to the average value received during the three years preceding the year of assessment. Dues and money payments in right of the church, or by endowment, or in lieu of tithes not arising from lands, and teinds in Scotland are similarly assessable. Tithes arising from lands, if compounded for, and all rents and other money payments in lieu of such tithes (except rent charges confirmed under the Act for the commutation of tithes) are assessable on the amount paid in the year preceding the year of assessment. (*I.T.A. 1842*, s. 60, *Schedule A. No. II. Rules 1, 2 and 3*.) The last mentioned subjects are assessable on the person entitled thereto except for such compositions, rents or other payments in lieu of tithes which the local general commissioners see fit to assess on the persons liable to pay them. In the latter

TITHES—(*contd.*)

case such persons may be required to make the necessary returns, and may deduct from subsequent payments the amount of any tax charged on them. (*Schedule A, No. IV, Rule 4 and Rule 9.*)

No deduction is allowed in the ordinary way from the annual value of lands, etc., in respect of any annual charge payable thereon. In paying such charge the tenant is entitled to make a deduction equivalent to the tax payable thereon. (*I.T.A. 1842, s. 72; s. 60. No. IV, Rule 9.*) But rent charges under the Act for the commutation of tithes, and all other rent charges in lieu of tithe, may be assessed on the person entitled to them in one sum for the whole parish. He may make a return thereof, and the commissioners may charge him on the annual value thereof, less the amount of parochial rates, taxes and assessments charged thereon in the year preceding the year of assessment. The adoption of this provision is optional to the person entitled to the rent charges. (*I.T.A. 1853, s. 32.*) The cost of collecting a tithe rent charge may be deducted from the assessment (*Stevens v. Bishop, 1888*) if it is made on the person entitled to the income in question. Where this method of assessment is adopted, each property in respect of which the tithe rent charge is paid is assessed under Schedule B on its full annual value, but under Schedule A on its annual value less the amount of the rent charge. Some specimen assessments will be found in Chapter VIII.

TOLLS.

Tolls are assessable on the amount of the profits of the year preceding the year of assessment. (*I.T.A. 1842, s. 60. Schedule A, No. III, Rule 3.*)

TRADE.

See under **TRADING.**

TRADE ASSOCIATIONS.

Contributions towards a Trade Association are allowed as a deduction from the profits of a trader making them, provided that they may be said to be expenses incurred in carrying on his business. Thus, if the payments are made in consideration of information

TRADE ASSOCIATIONS—(contd.)

being given as to the reputation of prospective customers, they are certainly allowable as deductions. On the other hand, a subscription paid by a colliery company to a Coal Owners' Association (so as to secure an indemnity in the event of certain stoppages of output) was held to be inadmissible as a deduction from the company's profits. "This money is not laid out for the purpose of such trade. It is money laid out in order to provide for an unfortunate contingency whereby the trade cannot be worked." (*Pollock, B. in Rhymney Iron Co., Limited v. Fowler, 1896.*)

The question is harder to decide when the subscription is intended to secure less clearly defined advantages, *e.g.*, when it has to do with a manufacturers' "combine." In *Guest, Keen and Nettlefolds, Limited v. Fowler, 1910*, the company contributed towards the expenses of a Manufacturers' Association, formed for the purpose of keeping up prices. Any member of the Association which invoiced more than his fixed proportion of orders, was required to contribute to a pool account, which was divided amongst members who invoiced less than their fixed proportions. It was held that any payments made to the Association were allowable as deductions from the profits of the company making them. "I am bound to find," said the judge, "that this money was paid for the purpose of keeping up the price and thus earning the larger profit of the trade." He had already analysed the trade and found that its operations included the manufacture and the sale of the company's goods; also that the sale included the finding of the customer and making a bargain with him with the object of getting the highest possible price. It followed, naturally that the payment to the Association was made in order to assist the company to obtain a higher price than it otherwise would, and was therefore a trade expense.

In *Lochgelly Iron Co. v. Crawford (1913)*, the company made contributions to a Coal Owners' Association. The Court suggested that the contributions were allowable as deductions or otherwise according to the purposes for which they were expended by the Association. After examination of this matter it was held (1) that the proportion of the contributions expended in defraying the expenses of the Conciliation Board should be deducted, but not the proportion expended (2) by way of subscription to the Mining

TRADE ASSOCIATIONS—(contd.)

Association of Great Britain or (3) in experimenting with coal dust. It was agreed between the parties that (4) the proportion applied to the working expenses of the Association and maintenance of a reserve station should be deducted, but not (5) capital expenditure on the reserve station and the cost of a presentation to the Chairman.

Traders may with profit take the advice of the Association concerned, which will possibly have been in negotiation with the revenue authorities on the subject of income tax deductions.

See also under COMPANIES.

TRADE DEPRESSION.

No concern may depart from the average system of assessment on the ground of trade depression alone. See under SPECIFIC CAUSE, and in Chapter IV, as to the adjustment granted when an extraordinary depression of trade followed on a change in the proprietorship of a colliery.

TRADE UNIONS.

A trade union which fulfils certain conditions is granted exemption from income tax under Schedule A (property tax), Schedule C (dividends, etc., on Government stock and other income arising out of the public revenue) and Schedule D as regards interest and dividends. The conditions are (a) that the exemption shall extend only to income applicable and applied solely for the purposes of provident benefits, and (b) that the rules of the union prohibit the amount assured to any person exceeding £300, and any annuity being paid which exceeds £52 per annum.

Provident benefits include any payment made to a member during sickness or incapacity from personal injury, or while out of work; or to an aged member by way of superannuation, or to a member who has met with an accident or has lost his tools by fire or theft; also a payment in discharge or aid of funeral expenses on the death of a member or the wife of a member, or as a provision for the children of the deceased member. All such payments must be expressly authorised by the rules of the union. (*Trade Union Provident Funds Act, 1893.*)

TRADING.

It is shown under **PROFIT** that income tax can be charged only on income which falls within the schedules of assessment, and that besides clearly marked sources, such as property, professions, employments, etc., the schedules include certain more doubtful subjects, such as the profits of trade. These matters are dealt with under the heading indicated, but the question as to what constitutes trading falls to be discussed under the present heading.

Four rules will be considered here, viz. :—That trading requires two or more parties ; that trading usually requires a series of operations ; that if a thing is bought to sell again the intention may prove that a trade was exercised ; that the proceeds of an investment may be the profit of a trade. As regards the place where trade is carried on (at home or abroad) see under the various headings indicated under **FOREIGN**. (See also under **DEDUCTIONS** as to what expenses are expenses of trade.)

In the first place, trading requires more than one party, or as a judge has said : “ No man can trade with himself.” This rule has been adduced in cases relating to two classes of concerns, viz., insurance companies whose shareholders are in some measure identical with its policy holders, and local authorities which may be identical with the ratepayers to whom it supplies gas or water. It will be necessary here to indicate fully the principle on which these and other similar cases have been, and must be, decided ; the particular details of the cases need not be dwelt upon more than this requires.

Most life insurance companies attract custom by issuing participating policies. The holder of such a policy pays a premium larger than the normal one, in consideration of an addition being made to the capital sum to which he is assured. That addition is made at each quinquennial valuation, and is reckoned to be a participation in the company's profit. In a particular case a company paid a dividend of 7 per cent. to its shareholders, and distributed the remaining profits amongst its participating policy holders. It could not be contended that the shareholders, as a body, were identical with the holders of these policies, for there were shareholders who were not policy holders, and there were policy holders who did not participate in the profits. The company claimed, however, that its surplus could not be regarded as profit, but the Court

TRADING—(contd.)

decided against them. "It is conceded," said the judge, "that if it were a mutual undertaking, pure and simple, and that people had merely agreed to assure one another, and had over-paid in the matter of insurance, they could from time to time, by some process of re-adjustment, give back to one another in equitable shares what they had overpaid—that is perfectly plain—and what they received back could not in any sense be called profit, and would not be assessable to income tax. But what has happened here is very different. Here there are two distinct bodies (the company and the participating policy holders). . . . There was a surplus, which was paid by the policy holders to the company. . . . I think the surplus was the profit in the hands of the company. It is true that the company, having got it, chose to pay a certain portion of it back—not all of it. . . . They did pay some of it back to the policy holders, who were outsiders (*i.e.*, not shareholders). That did not prevent it from remaining profit." (*Equitable Life Assurance Society of the United States v. Bishop*, 1899.) The circumstances of this case are in line with those most frequently met with, and the decision disposes of any claim to exemption from income tax. That exemption is limited to a case where all the shareholders are policy holders, and all the policy holders are shareholders, that is, where the concern is literally a mutual one. These conditions were fulfilled in *Styles v. New York Life Insurance Co.* (1889), where it was stated: "Insurance, by means of a participating policy, is the only possible qualification for membership; and, as soon as it is effected, the insured is invested with all the rights, and becomes subject to all the liabilities of a partner. The individuals insured and those associated for the purpose of receiving their dividends and meeting policies when they fall in, are identical, and I do not think that their complete identity can be destroyed, or even impaired, by their incorporation. The corporation is merely a legal entity, which represents the aggregate of its members; and the members of the appellant company are its participating policy holders."

The rule remains, therefore, as follows. It is established that no trading is carried on by a concern whose sole proprietorship is vested in the individuals with whom it does business. If a trading concern

TRADING—(contd.)

makes an annual return to its customers, based on their aggregate purchases during the year (say 6d. for every £ of such purchases) the amount returned may be charged in its accounts as a trade expense, because it represents merely a promised return of an agreed portion of the money paid for goods. Where, however, a concern contracts to divide amongst its customers all profits in excess of a certain amount, the amount returned may not be charged as an expense because (a) it is not merely a return of purchase money, but a distribution of surplus profit, and (b) the proprietors are not identical with the customers with whom they traded. But where the sole proprietorship of a concern is vested in the persons with whom it does business, and any surplus naturally belongs to such persons, no trading is carried on, and the surplus is not assessable, for "no man can trade with himself." The judicial comment as to the irrelevance of any statutory incorporation referred to above, must be restricted in its application, to the matter referred to. Here the individual policy holders grouped themselves for the safeguarding of their mutual interests and the grouping happened to be by a legal incorporation. It would be different if an incorporated company, which traded indiscriminately, chanced to trade with each of its shareholders. A surplus realised on such transactions should certainly be regarded as profit assessable to income tax. (See under CORPORATIONS as regards trading concerns carried on by a local authority. Where gas is sold by a corporation to anyone who requires it and only to such persons, the seller and the buyer are distinct persons, and the surplus realised is a trade profit. Where a corporation sells water by meter or outside its own area its surplus is similarly assessable. But water supplied to all ratepayers and paid for by a compulsory rate is not the subject of a trade, inasmuch as the buyers are the ratepayers and the sellers are the same ratepayers grouped together for mutual advantage.)

The second important rule is that trading usually requires a series of operations. (There is a clearly defined exception which forms the subject of the third rule dealt with below.) In considering whether the surplus accruing from a specific transaction is the profit of a trade, it may be asked (a) Is the transaction part of a business admittedly carried on by means of other transactions of a

TRADING—(*contd.*)

different nature ? or (b) Is the transaction one of a series of the same nature, all of which constitute a trade ? Thus, if a house is sold for more than was given for it, under (a) one might have to ask : Is the sale of the house a part of the business of a builder (if it were sold by such a person) ? Under (b) one might ask : Has he bought and sold any other houses, so that the transactions may be put together and be said to constitute a trade in houses ? The aspect of the case suggested under (a) has been considered in the cases of companies formed for specific objects for the purposes of which they hold investments. These investments are, no doubt, varied from time to time, and a surplus may be realised. That surplus may or may not be the profit of a trade, and the essential question may be, as under (a), whether the realisation of the investment forms part of the larger business of the company. An assurance company, for example, is compelled to purchase investments and, naturally, sells out and reinvests wherever it seems expedient. In *Northern Assurance Co. v. Russell*, 1889, it was held that a surplus so realised was part of the profits of the company. A similar case was that of an investment company which varied its investments with advantage. It was held that the purchase and sale of investments was part of the company's business. "From the structure of the memorandum it appears that the varying of the investments and turning them to account, are not contemplated merely as proceedings incidentally necessary, for they take their place among what are the essential features of the business." (*Scottish Investment Co. v. Forbes*, 1893.) In *Hudson Bay Co. Limited v. Stevens* (1909), the company possessed certain lands granted by the Crown as part of the return for surrendering their territory and rights of government. From time to time it sold parts of these lands, and the assessment on its trading profits was made to include the surplus so realised. It was held, however, that the sales in question did not form part of the company's trade. The Master of the Rolls declared : "I am unable to attach any weight to the circumstances that large sales are made every year. This is not a case where land is from time to time purchased with a view to re-sale. I am unable to accept the view that the company were carrying on the trade of selling land." It will be

TRADING—(*contd.*)

seen, therefore, that in considering whether any particular transaction is part of the recognised business of the person or company concerned, the facts of the case must be carefully weighed and the decision must be in accordance with these facts irrespective of any consideration of law. It is really a matter for the business man more than for the lawyer, although the question often impinges on a second matter concerning which judicial *dicta* will be found of some value. That matter is as to whether the transaction in question is one of a series of the same nature which together constitute the exercise of a trade. This is the subject indicated under (b) and it will now be considered.

Is the transaction one of a series, and does the series constitute a trade? In *Assets Co., Limited v. Forbes*, 1897, the company was formed to acquire the outstanding assets of a bank which had been liquidated, and to realise these assets for as much as could be obtained for them. The facts were not stated sufficiently for the Court to decide the matter, but the judges indicated the principles on which any decision should be based. The opinion of the Court was expressed as follows: "*I have really no doubt that any person, or any company making a trade of purchasing and selling investments will be liable upon any profit which is made by that trade. It is quite an intelligible business, just as intelligible as a trade consisting in the purchase and sale of goods in the ordinary trade of a merchant or shopkeeper. . . . But it is another proposition altogether that, where that is not a trade, a gain upon the purchase and re-sale of property comes within the meaning of the Income Tax Acts. Take even proper traders; if proper traders sell their old premises and buy new ones, and sell the old premises at a higher price than they paid for them, investing in the purchase of the site and the erection of new premises the price which they have got, I should say it was a totally untenable proposition that anything in excess of what they had paid for the old premises, perhaps twenty years before . . . is income within the meaning of the Act. It is no more so in the case of a private individual selling his house at more than he paid for it, or selling his carriage or pictures at more than he paid for them. That is not income in any sense; while a dealer in pictures, like a dealer in goods or a dealer in the buying or selling of houses, who made it*

TRADING—(contd.)

a trade, would then come within the region of income tax." Certain dicta in *Californian Copper Syndicate v. Harris* (1904), summarise the matter yet more closely. After stating that the enhanced price obtained in the realisation of an investment is not assessable when what is done is *merely* the realisation or change of an investment, but is assessable when the change constitutes the carrying on or carrying out of a business, a judge continued: "What is the line which separates the two classes of cases may be difficult to define, and *each case must be considered according to its facts; the question to be determined being—Is the sum of gain that has been made a mere enhancement of value by realising a security, or is it a gain made in an operation of business in carrying out a scheme for profit making?*" It is not possible to state what constitutes liability in any clearer terms than these. It will have been observed that even a series of transactions does not necessarily constitute a trade (e.g., in *Hudson Bay Co., Limited v. Stevens*, 1909). But a series of transactions which includes both buying and selling must almost inevitably fall within the term "the carrying on of a trade."

The third general rule may almost be described as an exception to the rule previously stated, although strictly speaking, it is but an amplification of it. If the sweeping dicta, given above, of a judge in *Assets Co., Limited v. Forbes*, 1897, were taken alone, it might appear that in no conceivable circumstances can surplus, realised from an isolated transaction such as the purchase and sale of an estate, be regarded as the profit of a trade. But a carefully chosen phrase may be noted in the dicta quoted from the Californian Copper Syndicate case. The judge referred to "a gain made in an operation of business in *carrying out* a scheme for profit making," and it is clear that a profit making scheme may be *carried out* in one isolated transaction of purchase and sale. "The simplest case," said the same judge, "is that of a person or association of persons buying and selling lands or securities speculatively, in order to make gain. . . . There are many companies which in their very inception are formed for such a purpose, and in these cases it is not doubtful that, where they make a gain by a realisation, the gain they make is liable to be assessed for income tax." Such companies are frequently termed "syndicates" and cases relating to concerns of that nature

TRADING—(contd.)

are analysed under SYNDICATES. The essential question becomes—Was the company *formed for the purpose* of making a profit by buying and selling the property concerned? If so, there is liability on the surplus arising from a single operation. It might follow that if an individual purchases, say, a house with a view to selling it at an increased price, he is liable on any profit arising from the transaction. If his intention can be *proved* there would appear to be no doubt of his assessability. But intention is usually a matter very difficult of proof.

The fact that the *proceeds* of an investment might constitute the profit of a trade may be mentioned here as a fourth rule. (Profit on *realisation* of an investment is considered under the second rule.) In most cases it is immaterial whether or not dividends and interest are regarded as trade profits, but when such income is not taxed by deduction before receipt, the matter may become important. Thus, the foreign profits of an English company are assessable in all cases, but until 1914 its foreign interest was only assessable so far as it is brought to this country if it was not regarded as a trade profit. Further, interest is assessable in full without any deductions for expenses, etc., but where it is regarded as a trade profit (*e.g.*, in the case of a banker) such deductions are allowed. This matter is dealt with under INTEREST.

It has been shown, under the *Hudson Bay Company* case, that selling alone does not constitute trading. It may be stated also that *buying* alone does not constitute trading. Where an American firm did nothing in this country but buy goods for exportation, it was held that no trade was carried on here. (*Sulley v. Attorney-General*, 1860.)

See under BETTING PROFITS; CLUBS; GOLF CLUBS; RACING PROFITS; etc., for particular applications of the principles indicated above.

TRANSFER FEES.

See under FEES PAID TO A COMPANY.

TRAVELLING EXPENSES.

Travelling expenses are only allowable as deductions from profits when they are incurred in the performance of the duties of an

TRAVELLING EXPENSES—(contd.)

employment or in the carrying on of a trade. The cost of travelling to a place where the duties are to be performed is not an allowable deduction. In practice the travelling expenses of commercial travellers are allowed (see under **COMMERCIAL TRAVELLERS**), and if any one else is required to make a special journey for business purposes (*e.g.*, for the purpose of inspecting branches), the cost thereof may be set against the remuneration received. This does not extend to the expense of travelling from one's residence to one's place of business, or from the place where one business is carried on to the seat of another business.

Thus, a solicitor who resided and carried on his profession at Worcester was not allowed to deduct, from an assessment on him as clerk to the Justices at Bromyard, the expenses of travelling from Worcester to perform his duties at Bromyard. "It cannot be said that his travelling from the place where he lives, whether near or far, to the place where he has to discharge his duties, is a travelling in the performance of those duties." "I cannot see any difference in this case and the case of a man having an office in London, who chooses for his own convenience or pleasure or domestic necessity, as the case may be, to live and occupy a house at Brighton, and pay his ticket up to town every day. It was never contemplated that they should be called expenses necessarily incurred in the transaction of his business." (Judges in *Cook v. Knott*, 1887.) Similarly the directors of a company are not allowed to deduct from assessments in respect of their fees the expenses of travelling from their residences to the place of meeting of the company. (*Revell v. Directors of Elworthy and Co., Limited*, 1890.) In this case the secretary stated that the fees were intended to defray the expenses of the directors as well as to remunerate them for their services.

TRUSTEES.

See under **AGENTS** for the general provisions of the law ; also under **INSANE PERSONS** and **MINORS**.

TRUSTEES FOR DEBENTURE HOLDERS.

The position of a trustee for debenture holders is rather a doubtful one. It is not certain that such a person can be regarded as

TRUSTEES FOR DEBENTURE HOLDERS—(contd.)

holding an office under the company. If not, he is assessable under Schedule D, and not under Schedule E. Further, it is probable that a company is not entitled to charge such fees as trading expenses, inasmuch as they are expenses incurred in obtaining borrowed capital. The legal position is probably that a company should have no deduction in respect thereof, but that the recipient should pay tax thereon. Regarding the matter broadly, however, it does not seem unfair that tax should be paid once only on such fees, and this result can be obtained if the local commissioners allow the company to charge them as a trade expense, and require the trustees to account for tax thereon. It is a matter for decision locally, and it is not often that the strict view is likely to be taken.

TYPEWRITER.

A typewriter is not "plant and machinery" in respect of whose wear and tear an allowance may be claimed. (See under DEPRECIATION as regards this allowance.) It is rather an implement, utensil or article employed for the purpose of trade, the cost of the upkeep and replacement of which should be charged as a trade expense. (See under IMPLEMENTS.)

UNDERWRITERS, MARINE.

See under MARINE INSURANCE.

UNDERWRITING, COST OF.

The cost of underwriting an issue of capital may not be charged as a trade expense. This is clearly a capital charge. In *Texas Land and Mortgage Co. v. Holtham*, 1894, the judges refused to allow the deduction of brokers' commission and other expenses incurred in issuing debentures.

UNDERWRITING PROFITS.

If a person who underwrites certain shares succeeds in disposing of all the shares for which he is responsible, his liability to income tax is clearly on the amount by which he is in pocket over the transaction. If he chooses to retain some of the shares, his liability is on the proportion of the underwriting commission which relates

UNDERWRITING PROFITS—(contd.)

to the shares disposed of. Where an underwriter of shares is compelled to retain certain of the shares underwritten, and they are worth less in the market than he gave for them, he may deduct this deficit from the commission on the shares disposed of. Thus, if a man underwrites £1,500 (nominal value) of shares at a commission of 5 per cent. and disposes of £1,100 (nominal value) only, being compelled to take up the balance which are worth £300 immediately after the issue, his liability is as follows—

5% Commission on £1,100	..	..	..	..	£55
Deduct :—					
Cost of £400 shares taken up (less 5% thereon)	..			£380	
Less market value of these shares	..	..	..	350	
					30
Profit for income tax purposes	..	..	..	£25	

UNEARNED INCOME.

Unearned income is chargeable at the full rate of tax for all years up to and including 1913/14. The *Finance Act, 1914*, s. 6, provides for lower rates to be charged on small unearned incomes. (See under RATES.) The full rate is chargeable on so much of a person's income as he has to pass on to someone else.

UNEARNED PREMIUMS.

See under INSURANCE COMPANIES.

UNEMPLOYMENT.

An assessment may be discharged for that part of the year in which the person assessed is unemployed and in receipt of no remuneration. That person may not, however, bring a part of a year's earnings into a future averaging calculation as if it were a whole year's income.

UNEXPIRED RISKS.

When a concern has received payment for undertaking certain risks which have not expired at the time the accounts are closed, the payment received should be included in the accounts, but a deduction should be made of that part of the payment which relates

UNEXPIRED RISKS—(contd.)

to the risk still unexpired. (See under INSURANCE COMPANIES.) Similarly when a concern has made a payment in respect of a risk which has not altogether expired, a part of that payment should be left to be charged against the accounts for the next period. In a case of annual insurance premiums paid, where a small charge only is involved, it will probably be found too trivial an adjustment to be worth making.

Where a concern receives a payment in return for undertaking certain work in perpetuity, that payment should be included in the accounts for the period in which it was received. (See under CEMETERIES and CREMATORIUM for a case in point.)

UNFURNISHED APARTMENTS.

See under APARTMENTS.

UNIVERSITY.

See *King v. Special Commissioners (ex parte University College of N. Wales)*, 1909, under CHARITIES.

UTENSILS.

See under IMPLEMENTS.

VOCATIONS.

Vocations are assessable under Case II of Schedule D. The three years' average system applies (see Chapter III), with the exceptions stated in Chapter IV.

WAGES.

Wages are obviously disbursements in the course of trade which are allowable as deductions from profits. A trader may make no deduction, however, in respect of wages paid to himself or to his wife. If a wage earner's income is above the exemption limit, he may be assessed on his average remuneration over the past three years, whether he is employed by a company or by a person.

WAGGONS.

See under HIRE PURCHASE.

WASTING ASSETS.

See under EXHAUSTION OF CAPITAL.

WATERWORKS.

The profits arising from waterworks are assessed on the amount thereof during the year preceding the year for which the assessment is made. (*I.T.A.* 1842, s. 60. *Schedule A, No. III.*)

No assessment is made under Schedule A (property tax) in respect of land used for the purposes of the concern, and no deduction may be made from the company's profits in respect of rent and similar charges payable. A deduction may be made from such rent, etc., equivalent to the duty thereon at the rate of tax or proportion of several rates in force while the payment was accruing. Apart from these considerations a company owning waterworks is assessable according to the rules of Schedule D (except where such rules are not consistent with the rules of Schedule A, No. III—which they can hardly be except as stated above: *R.A.*, 1866, s. 8).

See under CORPORATIONS as to the special considerations attaching to waterworks owned by local authorities which supply their own district and outside authorities with water.

WEAR AND TEAR.

See under DEPRECIATION.

WIDOW.

A widow is assessable in her own name, and in every respect stands alone, so far as income tax is concerned. In the year in which her husband died she may claim exemption or abatement in respect of income accruing to her between the date of death and the succeeding 5th of April, as if that income were her total income from all sources for the financial year in question. The husband's executors may make a similar claim in respect of his income from the preceding 5th of April to the date of his death, regarding his own and his wife's income for that period as being his total income for the financial year. For example:—

INCOME ACCRUED FROM 5TH APRIL, 1913, TO 5TH APRIL, 1914

Husband's salary, from 5th April to 5th September— (when he died) at £240 per annum	£100
Husband's taxed dividends for the entire year— (from 5th September they belong to his widow)	60
Wife's taxed dividends for the entire year	72

WIDOW—(contd.)**CLAIM BY HUSBAND'S EXECUTORS**

Salary	..	..	..	..	..	..	..	£100
Dividends (own)	..	..	..	..	..	..	..	25
„ (wife's)	..	..	..	..	..	..	..	30
Entitled to exemption on a total income of								<u>£155</u>

CLAIM BY WIDOW

Total income for 7 months—								
Dividends (formerly husband's)	..	..	..	..	..	..	..	£35
„ (own)	..	..	..	..	..	..	..	42
Entitled to exemption on a total income of								<u>£77</u>

If the widow had earned a salary by the exercise of her own personal labour, a separate claim could be made in respect of the salary accruing within the first five months (see under **HUSBAND AND WIFE**), and the salary accruing during the last seven months should be included in the *Claim by Widow* shown above. Where any income is payable to a widow's trustees on her behalf, they should either make the claim to repayment (where they are trustees for all her income), or give her a written authorisation to make the claim herself.

WIFE.

See under **HUSBAND AND WIFE**.

WINDING-UP OF COMPANIES.

See under **LIQUIDATION**. The rule is the same.

WINDOWS.

Shop window fittings form part of the capital of a business and no charge may be made for their supply or alteration. Such smaller items as tickets, however, should be regarded as utensils of trade, and the cost of their supply may be regarded as a trade expense.

WOODLANDS.

See under **TIMBER LANDS**.

WORKMEN'S COMPENSATION.

Sums paid by an employer by way of compensation to an employee for injuries sustained in the course of business, may be charged

WORKMEN'S COMPENSATION—(*contd.*)

against his profits as a trade expense. Premiums paid to insurance companies in this respect are similarly allowable as deductions.

YEAR.

The financial year begins as from 6th April, and ends on 5th April. Tax is payable on the intermediate 1st January. (See under ACCOUNTS as to the date to which accounts may be made up.)

PART III
GUIDE TO INCOME TAX
PRACTICE

PART III

GUIDE TO INCOME TAX PRACTICE

THE following *Guide* is *not offered in substitution for the General Index*, but is intended to point the reader to rules and decisions bearing upon the particular class of matters he has in hand. The general history of the taxpayer's affairs, and circumstances incidental thereto, are dealt with under four headings, viz.—

- (1) *The taxpayer in general.*
- (2) *The taxpayer as the proprietor of a business.*
- (3) *The taxpayer as the owner of property.*
- (4) *Companies, societies, etc.*

THE TAXPAYER IN GENERAL.

Tax paid on "legal" income—*pages 16 and 89*

Where the assessment exceeds the "legal" income—*see under Appeals, page 105*

Where the actual income differs from the "legal" income—*see under the two succeeding headings*

Where the taxpayer lives abroad—*see page 336*

„ „ „ goes abroad temporarily—*see page 335*

„ „ „ receives income from abroad—*see page 209*

Tax assessed direct on the taxpayer—*see page 108*

Tax deducted before receipt of the income—*see page 158*

Allowances due in respect of earned income—*see page 178*

„ „ „ „ unearned income—*see page 389*

„ „ from earned and unearned incomes—*see page 96*

Repayment of tax on allowances—*see page 333*

Rates of tax—*see page 320*

Payment of tax—*see page 139*

Issue of receipt—*see page 323*

Taxpayers as husband and wife—*see page 237*

Widows—*see page 390*

Liability to super-tax—*see page 370*

THE TAXPAYER AS THE PROPRIETOR OF A BUSINESS.

GENERAL.

- Tax is charged on "legal" income—*see page 16*
- "Legal" income is usually estimated on average—*see page 16*
- Averages for particular concerns—*see page 112*
- The three years' trade average—*see page 17*
- Where profits are less than the "legal income"—*see pages 20 and 281*

RELATIONS WITH THE REVENUE AUTHORITIES.

- The trader's accounts—*see page 93*
- The adjustment of accounts—*see page 5*
- Where no accounts are kept—*see pages 13 and 267*
- The making of returns—*see page 339*
- The right of appeal—*see page 105*
- Legal representatives at appeals—*see page 92*
- Place of assessment—*see page 110*
- Inspection of premises—*see page 246*
- Paying tax deducted from interest, etc.—*see page 252*

THE HISTORY OF A BUSINESS.

- A new business set up, normal assessments—*see page 17*
- „ „ „ adjustment of assessments to actual profits—*see page 20*
- A business taken over from a former proprietor—*see pages 130 and 366*
- A business amalgamated with another business—*see page 366*
- „ absorbing a second business—*see pages 121 and 366*
- A new branch opened—*see page 120*
- A loss incurred—*see pages 22 and 381*
- Insolvency, liquidation, etc.—*see pages 117 and 275*
- A business divided—*see page 369*
- „ sold—*see page 368*
- „ discontinued, normal assessments and adjustments in last four years—*see page 30*
- The owner dying—*see page 155*

PARTNERSHIP RELATIONS.

A partner retiring or dying—*see page 368*

A new partner admitted—*see page 368*

Partners' salaries, interest on capital, etc.—*see pages 178 and 199*

Apportionment of assessment between partners—*see pages 51 and 199*

RELATIONS WITH OTHER CONCERNS.

Other businesses of the same proprietor—*see pages 283*

Lending money to other concerns—*see page 279*

Financing other concerns—*see pages 144 and 279*

Trade combines—*see page 141*

Trade Associations—*see page 377*

Paying interest—*see page 247*

Controlling subsidiary or foreign concerns—*see pages 144, 207 and 339*

Paying royalties on patents—*see page 300*

TRADE PREMISES, FIXTURES, ETC.

Assessment to property tax—*see The Taxpayer as the owner of property*

Proprietor of business residing on trade premises—*see pages 124 and 266*

Employees residing on premises—*see page 182*

Rent as a trade expense—*see page 124*

Proprietor of business owning trade premises—*see page 124*

Premium for lease—*see page 309*

Cost of fittings, fixtures, etc.—*see pages 5 and 392*

Removal—*see page 324*

Plant, machinery, depreciation, obsolescence, etc.—*see pages 165, 283 and 294*

Improvements—*see page 241*

CONDUCT OF TRADE.

Having dealings abroad—*see pages 206 and 337*

Acting as agents for foreign concerns—*see page 218*

Incurring bad debts—*see page 156*

Bank overdraft—*see page 133*

Burglary, embezzlement, etc.—*see pages 124 and 180*

- Hire purchase system—*see page 235*
- Exhaustion of capital—*see page 184*
- What expenses may be charged—*see page 162*

INVESTMENTS.

- Loss or gain on sale—*see pages 257, 383 and 385*
- Taxed income from—*see pages 7 and 8*
- Foreign investments—*see page 209*
- Interest, etc., as part of trade profits—*see pages 249 and 291*

THE TAXPAYER AS THE OWNER OF PROPERTY.

- The basis of assessment—*see pages 102, 316 and 319*
- Trade fixtures on the premises—*see page 103*
- Empty property—*see page 182*
- Relations with tenant—*see pages 260 and 375*
- Relations with ground-landlord, mortgagees, etc.—*see pages 231 and 291*
- Tithes paid from rent—*see page 377*
- Interest paid to building societies—*see page 123*
- Cost of paving—*see page 301*
- The assessment of tenements and flats—*see page 203*
- Farm property—*see page 59*
- The cost of repairs, management, etc.—*see pages 58 and 329*
- Profit or loss on sale of property—*see page 383*

COMPANIES, SOCIETIES, ETC.

- Preliminary expenses—*see page 308*
- Charitable concerns—*see page 132*
- Mutual associations, clubs, etc.—*see pages 133 and 138*
- Exploring, prospecting and developing lands—*see pages 172, 190 and 317*
- Sale of assets—*see page 111*
- Exhaustion of capital—*see page 184*

See also the note under *Companies* on page 144 ; also under *The taxpayer as the proprietor of a business*, in the present section of this book.



PART IV
TABLES OF RATES

Tax at 7d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
1			7	61	1	15	7	121	3	10	7	181	5	5	7
2		1	2	62	1	16	2	122	3	11	2	182	5	6	2
3		1	9	63	1	16	9	123	3	11	9	183	5	6	9
4		2	4	64	1	17	4	124	3	12	4	184	5	7	4
5		2	11	65	1	17	11	125	3	12	11	185	5	7	11
6		3	6	66	1	18	6	126	3	13	6	186	5	8	6
7		4	1	67	1	19	1	127	3	14	1	187	5	9	1
8		4	8	68	1	19	8	128	3	14	8	188	5	9	8
9		5	3	69	2	0	3	129	3	15	3	189	5	10	3
10		5	10	70	2	0	10	130	3	15	10	190	5	10	10
11		6	5	71	2	1	5	131	3	16	5	191	5	11	5
12		7	0	72	2	2	0	132	3	17	0	192	5	12	0
13		7	7	73	2	2	7	133	3	17	7	193	5	12	7
14		8	2	74	2	3	2	134	3	18	2	194	5	13	2
15		8	9	75	2	3	9	135	3	18	9	195	5	13	9
16		9	4	76	2	4	4	136	3	19	4	196	5	14	4
17		9	11	77	2	4	11	137	3	19	11	197	5	14	11
18		10	6	78	2	5	6	138	4	0	6	198	5	15	6
19		11	1	79	2	6	1	139	4	1	1	199	5	16	1
20		11	8	80	2	6	8	140	4	1	8	200	5	16	8
21		12	3	81	2	7	3	141	4	2	3	201	5	17	3
22		12	10	82	2	7	10	142	4	2	10	202	5	17	10
23		13	5	83	2	8	5	143	4	3	5	203	5	18	5
24		14	0	84	2	9	0	144	4	4	0	204	5	19	0
25		14	7	85	2	9	7	145	4	4	7	205	5	19	7
26		15	2	86	2	10	2	146	4	5	2	206	6	0	2
27		15	9	87	2	10	9	147	4	5	9	207	6	0	9
28		16	4	88	2	11	4	148	4	6	4	208	6	1	4
29		16	11	89	2	11	11	149	4	6	11	209	6	1	11
30		17	6	90	2	12	6	150	4	7	6	210	6	2	6
31		18	1	91	2	13	1	151	4	8	1	211	6	3	1
32		18	8	92	2	13	8	152	4	8	8	212	6	3	8
33		19	3	93	2	14	3	153	4	9	3	213	6	4	3
34		19	10	94	2	14	10	154	4	9	10	214	6	4	10
35	1	0	5	95	2	15	5	155	4	10	5	215	6	5	5
36	1	1	0	96	2	16	0	156	4	11	0	216	6	6	0
37	1	1	7	97	2	16	7	157	4	11	7	217	6	6	7
38	1	2	2	98	2	17	2	158	4	12	2	218	6	7	2
39	1	2	9	99	2	17	9	159	4	12	9	219	6	7	9
40	1	3	4	100	2	18	4	160	4	13	4	220	6	8	4
41	1	3	11	101	2	18	11	161	4	13	11	221	6	8	11
42	1	4	6	102	2	19	6	162	4	14	6	222	6	9	6
43	1	5	1	103	3	0	1	163	4	15	1	223	6	10	1
44	1	5	8	104	3	0	8	164	4	15	8	224	6	10	8
45	1	6	3	105	3	1	3	165	4	16	3	225	6	11	3
46	1	6	10	106	3	1	10	166	4	16	10	226	6	11	10
47	1	7	5	107	3	2	5	167	4	17	5	227	6	12	5
48	1	8	0	108	3	3	0	168	4	18	0	228	6	13	0
49	1	8	7	109	3	3	7	169	4	18	7	229	6	13	7
50	1	9	2	110	3	4	2	170	4	19	2	230	6	14	2
51	1	9	9	111	3	4	9	171	4	19	9	231	6	14	9
52	1	10	4	112	3	5	4	172	5	0	4	232	6	15	4
53	1	10	11	113	3	5	11	173	5	0	11	233	6	15	11
54	1	11	6	114	3	6	6	174	5	1	6	234	6	16	6
55	1	12	1	115	3	7	1	175	5	2	1	235	6	17	1
56	1	12	8	116	3	7	8	176	5	2	8	236	6	17	8
57	1	13	3	117	3	8	3	177	5	3	3	237	6	18	3
58	1	13	10	118	3	8	10	178	5	3	10	238	6	18	10
59	1	14	5	119	3	9	5	179	5	4	5	239	6	19	5
60	1	15	0	120	3	10	0	180	5	5	0	240	7	0	0

Tax at 7d.

Income.	Tax.	Income.	Tax.	Income.	Tax.	Income.	Tax.
£	£ s. d.	£	£ s. d.	£	£ s. d.	£	£ s. d.
241	7 0 7	301	8 15 7	361	10 10 7	610	17 15 10
242	7 1 2	302	8 16 2	362	10 11 2	620	18 1 8
243	7 1 9	303	8 16 9	363	10 11 9	630	18 7 6
244	7 2 4	304	8 17 4	364	10 12 4	640	18 13 4
245	7 2 11	305	8 17 11	365	10 12 11	650	18 19 2
246	7 3 6	306	8 18 6	366	10 13 6	660	19 5 0
247	7 4 1	307	8 19 1	367	10 14 1	670	19 10 10
248	7 4 8	308	8 19 8	368	10 14 8	680	19 16 8
249	7 5 3	309	9 0 3	369	10 15 3	690	20 2 6
250	7 5 10	310	9 0 10	370	10 15 10	700	20 8 4
251	7 6 5	311	9 1 5	371	10 16 5	710	20 14 2
252	7 7 0	312	9 2 0	372	10 17 0	720	21 0 0
253	7 7 7	313	9 2 7	373	10 17 7	730	21 5 10
254	7 8 2	314	9 3 2	374	10 18 2	740	21 11 8
255	7 8 9	315	9 3 9	375	10 18 9	750	21 17 6
256	7 9 4	316	9 4 4	376	10 19 4	760	22 3 4
257	7 9 11	317	9 4 11	377	10 19 11	770	22 9 2
258	7 10 6	318	9 5 6	378	11 0 6	780	22 15 0
259	7 11 1	319	9 6 1	379	11 1 1	790	23 0 10
260	7 11 8	320	9 6 8	380	11 1 8	800	23 6 8
261	7 12 3	321	9 7 3	381	11 2 3	810	23 12 6
262	7 12 10	322	9 7 10	382	11 2 10	820	23 18 4
263	7 13 5	323	9 8 5	383	11 3 5	830	24 4 2
264	7 14 0	324	9 9 0	384	11 4 0	840	24 10 0
265	7 14 7	325	9 9 7	385	11 4 7	850	24 15 10
266	7 15 2	326	9 10 2	386	11 5 2	860	25 1 8
267	7 15 9	327	9 10 9	387	11 5 9	870	25 7 6
268	7 16 4	328	9 11 4	388	11 6 4	880	25 13 4
269	7 16 11	329	9 11 11	389	11 6 11	890	25 19 2
270	7 17 6	330	9 12 6	390	11 7 6	900	26 5 0
271	7 18 1	331	9 13 1	391	11 8 1	910	26 10 10
272	7 18 8	332	9 13 8	392	11 8 8	920	26 16 8
273	7 19 3	333	9 14 3	393	11 9 3	930	27 2 6
274	7 19 10	334	9 14 10	394	11 9 10	940	27 8 4
275	8 0 5	335	9 15 5	395	11 10 5	950	27 14 2
276	8 1 0	336	9 16 0	396	11 11 0	960	28 0 0
277	8 1 7	337	9 16 7	397	11 11 7	970	28 5 10
278	8 2 2	338	9 17 2	398	11 12 2	980	28 11 8
279	8 2 9	339	9 17 9	399	11 12 9	990	28 17 6
280	8 3 4	340	9 18 4	400	11 13 4	1,000	29 3 4
281	8 3 11	341	9 18 11	410	11 19 2	Parts of a £	
282	8 4 6	342	9 19 6	420	12 5 0		
283	8 5 1	343	10 0 1	430	12 10 10	s. d.	d.
284	8 5 8	344	10 0 8	440	12 16 8	2 10	1
285	8 6 3	345	10 1 3	450	13 2 6	5 9	2
286	8 6 10	346	10 1 10	460	13 8 4	8 7	3
287	8 7 5	347	10 2 5	470	13 14 2	11 5	4
288	8 8 0	348	10 3 0	480	14 0 0	14 3	5
289	8 8 7	349	10 3 7	490	14 5 10	17 2	6
290	8 9 2	350	10 4 2	500	14 11 8	Super-Tax @ 5d.	
291	8 9 9	351	10 4 9	510	14 17 6		
292	8 10 4	352	10 5 4	520	15 13 4	Income.	Duty.
293	8 10 11	353	10 5 11	530	15 9 2	£	£ s. d.
294	8 11 6	354	10 6 6	540	15 15 0	500	10 8 4
295	8 12 1	355	10 7 1	550	16 0 10		
296	8 12 8	356	10 7 8	560	16 6 8		
297	8 13 3	357	10 8 3	570	16 12 6		
298	8 13 10	358	10 8 10	580	16 18 4		
299	8 14 5	359	10 9 5	590	17 4 2		
300	8 15 0	360	10 10 0	600	17 10 0		

Tax at 9d.

Income.	Tax.	Income.	Tax.	Income.	Tax.	Income.	Tax.
£	£ s. d.	£	£ s. d.	£	£ s. d.	£	£ s. d.
1	9	61	2 5 9	121	4 10 9	181	6 15 9
2	1 6	62	2 6 6	122	4 11 6	182	6 16 6
3	2 3	63	2 7 3	123	4 12 3	183	6 17 3
4	3 0	64	2 8 0	124	4 13 0	184	6 18 0
5	3 9	65	2 8 9	125	4 13 9	185	6 18 9
6	4 6	66	2 9 6	126	4 14 6	186	6 19 6
7	5 3	67	2 10 3	127	4 15 3	187	7 0 3
8	6 0	68	2 11 0	128	4 16 0	188	7 1 0
9	6 9	69	2 11 9	129	4 16 9	189	7 1 9
10	7 6	70	2 12 6	130	4 17 6	190	7 2 6
11	8 3	71	2 13 3	131	4 18 3	191	7 3 3
12	9 0	72	2 14 0	132	4 19 0	192	7 4 0
13	9 9	73	2 14 9	133	4 19 9	193	7 4 9
14	10 6	74	2 15 6	134	5 0 6	194	7 5 6
15	11 3	75	2 16 3	135	5 1 3	195	7 6 3
16	12 0	76	2 17 0	136	5 2 0	196	7 7 0
17	12 9	77	2 17 9	137	5 2 9	197	7 7 9
18	13 6	78	2 18 6	138	5 3 6	198	7 8 6
19	14 3	79	2 19 3	139	5 4 3	199	7 9 3
20	15 0	80	3 0 0	140	5 5 0	200	7 10 0
21	15 9	81	3 0 9	141	5 5 9	201	7 10 9
22	16 6	82	3 1 6	142	5 6 6	202	7 11 6
23	17 3	83	3 2 3	143	5 7 3	203	7 12 3
24	18 0	84	3 3 0	144	5 8 0	204	7 13 0
25	18 9	85	3 3 9	145	5 8 9	205	7 13 9
26	19 6	86	3 4 6	146	5 9 6	206	7 14 6
27	1 0 3	87	3 5 3	147	5 10 3	207	7 15 3
28	1 1 0	88	3 6 0	148	5 11 0	208	7 16 0
29	1 1 9	89	3 6 9	149	5 11 9	209	7 16 9
30	1 2 6	90	3 7 6	150	5 12 6	210	7 17 6
31	1 3 3	91	3 8 3	151	5 13 3	211	7 18 3
32	1 4 0	92	3 9 0	152	5 14 0	212	7 19 0
33	1 4 9	93	3 9 9	153	5 14 9	213	7 19 9
34	1 5 6	94	3 10 6	154	5 15 6	214	8 0 6
35	1 6 3	95	3 11 3	155	5 16 3	215	8 1 3
36	1 7 0	96	3 12 0	156	5 17 0	216	8 2 0
37	1 7 9	97	3 12 9	157	5 17 9	217	8 2 9
38	1 8 6	98	3 13 6	158	5 18 6	218	8 3 6
39	1 9 3	99	3 14 3	159	5 19 3	219	8 4 3
40	1 10 0	100	3 15 0	160	6 0 0	220	8 5 0
41	1 10 9	101	3 15 9	161	6 0 9	221	8 5 9
42	1 11 6	102	3 16 6	162	6 1 6	222	8 6 6
43	1 12 3	103	3 17 3	163	6 2 3	223	8 7 3
44	1 13 0	104	3 18 0	164	6 3 0	224	8 8 0
45	1 13 9	105	3 18 9	165	6 3 9	225	8 8 9
46	1 14 6	106	3 19 6	166	6 4 6	226	8 9 6
47	1 15 3	107	4 0 3	167	6 5 3	227	8 10 3
48	1 16 0	108	4 1 0	168	6 6 0	228	8 11 0
49	1 16 9	109	4 1 9	169	6 6 9	229	8 11 9
50	1 17 6	110	4 2 6	170	6 7 6	230	8 12 6
51	1 18 3	111	4 3 3	171	6 8 3	231	8 13 3
52	1 19 0	112	4 4 0	172	6 9 0	232	8 14 0
53	1 19 9	113	4 4 9	173	6 9 9	233	8 14 9
54	2 0 6	114	4 5 6	174	6 10 6	234	8 15 6
55	2 1 3	115	4 6 3	175	6 11 3	235	8 16 3
56	2 2 0	116	4 7 0	176	6 12 0	236	8 17 0
57	2 2 9	117	4 7 9	177	6 12 9	237	8 17 9
58	2 3 6	118	4 8 6	178	6 13 6	238	8 18 6
59	2 4 3	119	4 9 3	179	6 14 3	239	8 19 3
60	2 5 0	120	4 10 0	180	6 15 0	240	9 0 0

Tax at 9d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
241	9	0	9	301	11	5	9	361	13	10	9	610	22	17	6
242	9	1	6	302	11	6	6	362	13	11	6	620	23	5	0
243	9	2	3	303	11	7	3	363	13	12	3	630	23	12	6
244	9	3	0	304	11	8	0	364	13	13	0	640	24	0	0
245	9	3	9	305	11	8	9	365	13	13	9	650	24	7	6
246	9	4	6	306	11	9	6	366	13	14	6	660	24	15	0
247	9	5	3	307	11	10	3	367	13	15	3	670	25	2	6
248	9	6	0	308	11	11	0	368	13	16	0	680	25	10	0
249	9	6	9	309	11	11	9	369	13	16	9	690	25	17	6
250	9	7	6	310	11	12	6	370	13	17	6	700	26	5	0
251	9	8	3	311	11	13	3	371	13	18	3	710	26	12	6
252	9	9	0	312	11	14	0	372	13	19	0	720	27	0	0
253	9	9	9	313	11	14	9	373	13	19	9	730	27	7	6
254	9	10	6	314	11	15	6	374	14	0	6	740	27	15	0
255	9	11	3	315	11	16	3	375	14	1	3	750	28	2	6
256	9	12	0	316	11	17	0	376	14	2	0	760	28	10	0
257	9	12	9	317	11	17	9	377	14	2	9	770	28	17	6
258	9	13	6	318	11	18	6	378	14	3	6	780	29	5	0
259	9	14	3	319	11	19	3	379	14	4	3	790	29	12	6
260	9	15	0	320	12	0	0	380	14	5	0	800	30	0	0
261	9	15	9	321	12	0	9	381	14	5	9	810	30	7	6
262	9	16	6	322	12	1	6	382	14	6	6	820	30	15	0
263	9	17	3	323	12	2	3	383	14	7	3	830	31	2	6
264	9	18	0	324	12	3	0	384	14	8	0	840	31	10	0
265	9	18	9	325	12	3	9	385	14	8	9	850	31	17	6
266	9	19	6	326	12	4	6	386	14	9	6	860	32	5	0
267	10	0	3	327	12	5	3	387	14	10	3	870	32	12	6
268	10	1	0	328	12	6	0	388	14	11	0	880	33	0	0
269	10	1	9	329	12	6	9	389	14	11	9	890	33	7	6
270	10	2	6	330	12	7	6	390	14	12	6	900	33	15	0
271	10	3	3	331	12	8	3	391	14	13	3	910	34	2	6
272	10	4	0	332	12	9	0	392	14	14	0	920	34	10	0
273	10	4	9	333	12	9	9	393	14	14	9	930	34	17	6
274	10	5	6	334	12	10	6	394	14	15	6	940	35	5	0
275	10	6	3	335	12	11	3	395	14	16	3	950	35	12	6
276	10	7	0	336	12	12	0	396	14	17	0	960	36	0	0
277	10	7	9	337	12	12	9	397	14	17	9	970	36	7	6
278	10	8	6	338	12	13	6	398	14	18	6	980	36	15	0
279	10	9	3	339	12	14	3	399	14	19	3	990	37	2	6
280	10	10	0	340	12	15	0	400	15	0	0	1,000	37	10	0
281	10	10	9	341	12	15	9	410	15	7	6	2,000	75	0	0
282	10	11	6	342	12	16	6	420	15	15	0	3,000	112	10	0
283	10	12	3	343	12	17	3	430	16	2	6	4,000	150	0	0
284	10	13	0	344	12	18	0	440	16	10	0	5,000	187	10	0
285	10	13	9	345	12	18	9	450	16	17	6	6,000	225	0	0
286	10	14	6	346	12	19	6	460	17	5	0	7,000	262	10	0
287	10	15	3	347	13	0	3	470	17	12	6	8,000	300	0	0
288	10	16	0	348	13	1	0	480	18	0	0	9,000	337	10	0
289	10	16	9	349	13	1	9	490	18	7	6	10,000	375	0	0
290	10	17	6	350	13	2	6	500	18	15	0	Parts of a £.			
291	10	18	3	351	13	3	3	510	19	2	6				
292	10	19	0	352	13	4	0	520	19	10	0	s.	d.		
293	10	19	9	353	13	4	9	530	19	17	6	2	3	1	
294	11	0	6	354	13	5	6	540	20	5	0	4	5	2	
295	11	1	3	355	13	6	3	550	20	12	6	6	8	3	
296	11	2	0	356	13	7	0	560	21	0	0	8	11	4	
297	11	2	9	357	13	7	9	570	21	7	6	11	1	5	
298	11	3	6	358	13	8	6	580	21	15	0	13	4	6	
299	11	4	3	359	13	9	3	590	22	2	6	15	7	7	
300	11	5	0	360	13	10	0	600	22	10	0	17	9	8	

Tax at 10 $\frac{1}{2}$ d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
1			10	61	2	13	4	121	5	5	10	181	7	18	4
2		1	9	62	2	14	3	122	5	6	9	182	7	19	3
3		2	7	63	2	15	1	123	5	7	7	183	8	0	1
4		3	6	64	2	16	0	124	5	8	6	184	8	1	0
5		4	4	65	2	16	10	125	5	9	4	185	8	1	10
6		5	3	66	2	17	9	126	5	10	3	186	8	2	9
7		6	1	67	2	18	7	127	5	11	1	187	8	3	7
8		7	0	68	2	19	6	128	5	12	0	188	8	4	6
9		7	10	69	3	0	4	129	5	12	10	189	8	5	4
10		8	9	70	3	1	3	130	5	13	9	190	8	6	3
11		9	7	71	3	2	1	131	5	14	7	191	8	7	1
12		10	6	72	3	3	0	132	5	15	6	192	8	8	0
13		11	4	73	3	3	10	133	5	16	4	193	8	8	10
14		12	3	74	3	4	9	134	5	17	3	194	8	9	9
15		13	1	75	3	5	7	135	5	18	1	195	8	10	7
16		14	0	76	3	6	6	136	5	19	0	196	8	11	6
17		14	10	77	3	7	4	137	5	19	10	197	8	12	4
18		15	9	78	3	8	3	138	6	0	9	198	8	13	3
19		16	7	79	3	9	1	139	6	1	7	199	8	14	1
20		17	6	80	3	10	0	140	6	2	6	200	8	15	0
21		18	4	81	3	10	10	141	6	3	4	201	8	15	10
22		19	3	82	3	11	9	142	6	4	3	202	8	16	9
23	1	0	1	83	3	12	7	143	6	5	1	203	8	17	7
24	1	1	0	84	3	13	6	144	6	6	0	204	8	18	6
25	1	1	10	85	3	14	4	145	6	6	10	205	8	19	4
26	1	2	9	86	3	15	3	146	6	7	9	206	9	0	3
27	1	3	7	87	3	16	1	147	6	8	7	207	9	1	1
28	1	4	6	88	3	17	0	148	6	9	6	208	9	2	0
29	1	5	4	89	3	17	10	149	6	10	4	209	9	2	10
30	1	6	3	90	3	18	9	150	6	11	3	210	9	3	9
31	1	7	1	91	3	19	7	151	6	12	1	211	9	4	7
32	1	8	0	92	4	0	6	152	6	13	0	212	9	5	6
33	1	8	10	93	4	1	4	153	6	13	10	213	9	6	4
34	1	9	9	94	4	2	3	154	6	14	9	214	9	7	3
35	1	10	7	95	4	3	1	155	6	15	7	215	9	8	1
36	1	11	6	96	4	4	0	156	6	16	6	216	9	9	0
37	1	12	4	97	4	4	10	157	6	17	4	217	9	9	10
38	1	13	3	98	4	5	9	158	6	18	3	218	9	10	9
39	1	14	1	99	4	6	7	159	6	19	1	219	9	11	7
40	1	15	0	100	4	7	6	160	7	0	0	220	9	12	6
41	1	15	10	101	4	8	4	161	7	0	10	221	9	13	4
42	1	16	9	102	4	9	3	162	7	1	9	222	9	14	3
43	1	17	7	103	4	10	1	163	7	2	7	223	9	15	1
44	1	18	6	104	4	11	0	164	7	3	6	224	9	16	0
45	1	19	4	105	4	11	10	165	7	4	4	225	9	16	10
46	2	0	3	106	4	12	9	166	7	5	3	226	9	17	9
47	2	1	1	107	4	13	7	167	7	6	1	227	9	18	7
48	2	2	0	108	4	14	6	168	7	7	0	228	9	19	6
49	2	2	10	109	4	15	4	169	7	7	10	229	10	0	4
50	2	3	9	110	4	16	3	170	7	8	9	230	10	1	3
51	2	4	7	111	4	17	1	171	7	9	7	231	10	2	1
52	2	5	6	112	4	18	0	172	7	10	6	232	10	3	0
53	2	6	4	113	4	18	10	173	7	11	4	233	10	3	10
54	2	7	3	114	4	19	9	174	7	12	3	234	10	4	9
55	2	8	1	115	5	0	7	175	7	13	1	235	10	5	7
56	2	9	0	116	5	1	6	176	7	14	0	236	10	6	6
57	2	9	10	117	5	2	4	177	7	14	10	237	10	7	4
58	2	10	9	118	5	3	3	178	7	15	9	238	10	8	3
59	2	11	7	119	5	4	1	179	7	16	7	239	10	9	1
60	2	12	6	120	5	5	0	180	7	17	6	240	10	10	0

Tax at 10½d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
241	10	10	10	301	13	3	4	361	15	15	10	610	26	13	9
242	10	11	9	302	13	4	3	362	15	16	9	620	27	2	6
243	10	12	7	303	13	5	1	363	15	17	7	630	27	11	3
244	10	13	6	304	13	6	0	364	15	18	6	640	28	0	0
245	10	14	4	305	13	6	10	365	15	19	4	650	28	8	9
246	10	15	3	306	13	7	9	366	16	0	3	660	28	17	6
247	10	16	1	307	13	8	7	367	16	1	1	670	29	6	3
248	10	17	0	308	13	9	6	368	16	2	0	680	29	15	0
249	10	17	10	309	13	10	4	369	16	2	10	690	30	3	9
250	10	18	9	310	13	11	3	370	16	3	9	700	30	12	6
251	10	19	7	311	13	12	1	371	16	4	7	710	31	1	3
252	11	0	6	312	13	13	0	372	16	5	6	720	31	10	0
253	11	1	4	313	13	13	10	373	16	6	4	730	31	18	9
254	11	2	3	314	13	14	9	374	16	7	3	740	32	7	6
255	11	3	1	315	13	15	7	375	16	8	1	750	32	16	3
256	11	4	0	316	13	16	6	376	16	9	0	760	33	5	0
257	11	4	10	317	13	17	4	377	16	9	10	770	33	13	9
258	11	5	9	318	13	18	3	378	16	10	9	780	34	2	6
259	11	6	7	319	13	19	1	379	16	11	7	790	34	11	3
260	11	7	6	320	14	0	0	380	16	12	6	800	35	0	0
261	11	8	4	321	14	0	10	381	16	13	4	810	35	8	9
262	11	9	3	322	14	1	9	382	16	14	3	820	35	17	6
263	11	10	1	323	14	2	7	383	16	15	1	830	36	6	3
264	11	11	0	324	14	3	6	384	16	16	0	840	36	15	0
265	11	11	10	325	14	4	4	385	16	16	10	850	37	3	9
266	11	12	9	326	14	5	3	386	16	17	9	860	37	12	6
267	11	13	7	327	14	6	1	387	16	18	7	870	38	1	3
268	11	14	6	328	14	7	0	388	16	19	6	880	38	10	0
269	11	15	4	329	14	7	10	389	17	0	4	890	38	18	9
270	11	16	3	330	14	8	9	390	17	1	3	900	39	7	6
271	11	17	1	331	14	9	7	391	17	2	1	910	39	16	3
272	11	18	0	332	14	10	6	392	17	3	0	920	40	5	0
273	11	18	10	333	14	11	4	393	17	3	10	930	40	13	9
274	11	19	9	334	14	12	3	394	17	4	9	940	41	2	6
275	12	0	7	335	14	13	1	395	17	5	7	950	41	11	3
276	12	1	6	336	14	14	0	396	17	6	6	960	42	0	0
277	12	2	4	337	14	14	10	397	17	7	4	970	42	8	9
278	12	3	3	338	14	15	9	398	17	8	3	980	42	17	6
279	12	4	1	339	14	16	7	399	17	9	1	1,000	43	15	0
280	12	5	0	340	14	17	6	400	17	10	0	2,000	87	10	0
281	12	5	10	341	14	18	4	410	17	18	9	3,000	131	5	0
282	12	6	9	342	14	19	3	420	18	7	6	4,000	175	0	0
283	12	7	7	343	15	0	1	430	18	16	3	5,000	218	15	0
284	12	8	6	344	15	1	0	440	19	5	0	6,000	262	10	0
285	12	9	4	345	15	1	10	450	19	13	9	7,000	306	5	0
286	12	10	3	346	15	2	9	460	20	2	6	8,000	350	0	0
287	12	11	1	347	15	3	7	470	20	11	3	9,000	393	15	0
288	12	12	0	348	15	4	6	480	21	0	0	10,000	437	10	0
289	12	12	10	349	15	5	4	490	21	8	9	Parts of a £.			
290	12	13	9	350	15	6	3	500	21	17	6	s.	d.	d.	
291	12	14	7	351	15	7	1	510	22	6	3	1	11	1	
292	12	15	6	352	15	8	0	520	22	15	0	3	10	2	
293	12	16	4	353	15	8	10	530	23	3	9	5	9	3	
294	12	17	3	354	15	9	9	540	23	12	6	7	7	4	
295	12	18	1	355	15	10	7	550	24	1	3	9	6	5	
296	12	19	0	356	15	11	6	560	24	10	0	11	5	6	
297	12	19	10	357	15	12	4	570	24	18	9	13	4	7	
298	13	0	9	358	15	13	3	580	25	7	6	15	3	8	
299	13	1	7	359	15	14	1	590	25	16	3	17	2	9	
300	13	2	6	360	15	15	0	600	26	5	0				

Tax at 11d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
1			11	61	2	15	11	121	5	10	11	181	8	5	11
2		1	10	62	2	16	10	122	5	11	10	182	8	6	10
3		2	9	63	2	17	9	123	5	12	9	183	8	7	9
4		3	8	64	2	18	8	124	5	13	8	184	8	8	8
5		4	7	65	2	19	7	125	5	14	7	185	8	9	7
6		5	6	66	3	0	6	126	5	15	6	186	8	10	6
7		6	5	67	3	1	5	127	5	16	5	187	8	11	5
8		7	4	68	3	2	4	128	5	17	4	188	8	12	4
9		8	3	69	3	3	3	129	5	18	3	189	8	13	3
10		9	2	70	3	4	2	130	5	19	2	190	8	14	2
11	10	1		71	3	5	1	131	6	0	1	191	8	15	1
12	11	0		72	3	6	0	132	6	1	0	192	8	16	0
13	11	11		73	3	6	11	133	6	1	11	193	8	16	11
14	12	10		74	3	7	10	134	6	2	10	194	8	17	10
15	13	9		75	3	8	9	135	6	3	9	195	8	18	9
16	14	8		76	3	9	8	136	6	4	8	196	8	19	8
17	15	7		77	3	10	7	137	6	5	7	197	9	0	7
18	16	6		78	3	11	6	138	6	6	6	198	9	1	6
19	17	5		79	3	12	5	139	6	7	5	199	9	2	5
20	18	4		80	3	13	4	140	6	8	4	200	9	3	4
21	19	3		81	3	14	3	141	6	9	3	201	9	4	3
22	1	0	2	82	3	15	2	142	6	10	2	202	9	5	2
23	1	1	1	83	3	16	1	143	6	11	1	203	9	6	1
24	1	2	0	84	3	17	0	144	6	12	0	204	9	7	0
25	1	2	11	85	3	17	11	145	6	12	11	205	9	7	11
26	1	3	10	86	3	18	10	146	6	13	10	206	9	8	10
27	1	4	9	87	3	19	9	147	6	14	9	207	9	9	9
28	1	5	8	88	4	0	8	148	6	15	8	208	9	10	8
29	1	6	7	89	4	1	7	149	6	16	7	209	9	11	7
30	1	7	6	90	4	2	6	150	6	17	6	210	9	12	6
31	1	8	5	91	4	3	5	151	6	18	5	211	9	13	5
32	1	9	4	92	4	4	4	152	6	19	4	212	9	14	4
33	1	10	3	93	4	5	3	153	7	0	3	213	9	15	3
34	1	11	2	94	4	6	2	154	7	1	2	214	9	16	2
35	1	12	1	95	4	7	1	155	7	2	1	215	9	17	1
36	1	13	0	96	4	8	0	156	7	3	0	216	9	18	0
37	1	13	11	97	4	8	11	157	7	3	11	217	9	18	11
38	1	14	10	98	4	9	10	158	7	4	10	218	9	19	10
39	1	15	9	99	4	10	9	159	7	5	9	219	10	0	9
40	1	16	8	100	4	11	8	160	7	6	8	220	10	1	8
41	1	17	7	101	4	12	7	161	7	7	7	221	10	2	7
42	1	18	6	102	4	13	6	162	7	8	6	222	10	3	6
43	1	19	5	103	4	14	5	163	7	9	5	223	10	4	5
44	2	0	4	104	4	15	4	164	7	10	4	224	10	5	4
45	2	1	3	105	4	16	3	165	7	11	3	225	10	6	3
46	2	2	2	106	4	17	2	166	7	12	2	226	10	7	2
47	2	3	1	107	4	18	1	167	7	13	1	227	10	8	1
48	2	4	0	108	4	19	0	168	7	14	0	228	10	9	0
49	2	4	11	109	4	19	11	169	7	14	11	229	10	9	11
50	2	5	10	110	5	0	10	170	7	15	10	230	10	10	10
51	2	6	9	111	5	1	9	171	7	16	9	231	10	11	9
52	2	7	8	112	5	2	8	172	7	17	8	232	10	12	8
53	2	8	7	113	5	3	7	173	7	18	7	233	10	13	7
54	2	9	6	114	5	4	6	174	7	19	6	234	10	14	6
55	2	10	5	115	5	5	5	175	8	0	5	235	10	15	5
56	2	11	4	116	5	6	4	176	8	1	4	236	10	16	4
57	2	12	3	117	5	7	3	177	8	2	3	237	10	17	3
58	2	13	2	118	5	8	2	178	8	3	2	238	10	18	2
59	2	14	1	119	5	9	1	179	8	4	1	239	10	19	1
60	2	15	0	120	5	10	0	180	8	5	0	240	11	0	0

Tax at 11d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
241	11	0	11	301	13	15	11	361	16	10	11	610	27	19	2
242	11	1	10	302	13	16	10	362	16	11	10	620	28	8	4
243	11	2	9	303	13	17	9	363	16	12	9	630	28	17	6
244	11	3	8	304	13	18	8	364	16	13	8	640	29	6	8
245	11	4	7	305	13	19	7	365	16	14	7	650	29	15	10
246	11	5	6	306	14	0	6	366	16	15	6	660	30	5	0
247	11	6	5	307	14	1	5	367	16	16	5	670	30	14	2
248	11	7	4	308	14	2	4	368	16	17	4	680	31	3	4
249	11	8	3	309	14	3	3	369	16	18	3	690	31	12	6
250	11	9	2	310	14	4	2	370	16	19	2	700	32	1	8
251	11	10	1	311	14	5	1	371	17	0	1	710	32	10	10
252	11	11	0	312	14	6	0	372	17	1	0	720	33	0	0
253	11	11	11	313	14	6	11	373	17	1	11	730	33	9	2
254	11	12	10	314	14	7	10	374	17	2	10	740	33	18	4
255	11	13	9	315	14	8	9	375	17	3	9	750	34	7	6
256	11	14	8	316	14	9	8	376	17	4	8	760	34	16	8
257	11	15	7	317	14	10	7	377	17	5	7	770	35	5	10
258	11	16	6	318	14	11	6	378	17	6	6	780	35	15	0
259	11	17	5	319	14	12	5	379	17	7	5	790	36	4	2
260	11	18	4	320	14	13	4	380	17	8	4	800	36	13	4
261	11	19	3	321	14	14	3	381	17	9	3	810	37	2	6
262	12	0	2	322	14	15	2	382	17	10	2	820	37	11	8
263	12	1	1	323	14	16	1	383	17	11	1	830	38	0	10
264	12	2	0	324	14	17	0	384	17	12	0	840	38	10	0
265	12	2	11	325	14	17	11	385	17	12	11	850	38	19	2
266	12	3	10	326	14	18	10	386	17	13	10	860	39	8	4
267	12	4	9	327	14	19	9	387	17	14	9	870	39	17	6
268	12	5	8	328	15	0	8	388	17	15	8	880	40	6	8
269	12	6	7	329	15	1	7	389	17	16	7	890	40	15	10
270	12	7	6	330	15	2	6	390	17	17	6	900	41	5	0
271	12	8	5	331	15	3	5	391	17	18	5	910	41	14	2
272	12	9	4	332	15	4	4	392	17	19	4	920	42	3	4
273	12	10	3	333	15	5	3	393	18	0	3	930	42	12	6
274	12	11	2	334	15	6	2	394	18	1	2	940	43	1	8
275	12	12	1	335	15	7	1	395	18	2	1	950	43	10	10
276	12	13	0	336	15	8	0	396	18	3	0	960	44	0	0
277	12	13	11	337	15	8	11	397	18	3	11	970	44	9	2
278	12	14	10	338	15	9	10	398	18	4	10	980	44	18	4
279	12	15	9	339	15	10	9	399	18	5	9	990	45	7	6
280	12	16	8	340	15	11	8	400	18	6	8	1,000	45	16	8
281	12	17	7	341	15	12	7	410	18	15	10	Parts of a £.			
282	12	18	6	342	15	13	6	420	19	5	0	s.	d.	d.	
283	12	19	5	343	15	14	5	430	19	14	2	1 10	1		
284	13	0	4	344	15	15	4	440	20	3	4	3 8	2		
285	13	1	3	345	15	16	3	450	20	12	6	5 5	3		
286	13	2	2	346	15	17	2	460	21	1	8	7 3	4		
287	13	3	1	347	15	18	1	470	21	10	10	9 1	5		
288	13	4	0	348	15	19	0	480	22	0	0	10 11	6		
289	13	4	11	349	15	19	11	490	22	9	2	12 9	7		
290	13	5	10	350	16	0	10	500	22	18	4	14 7	8		
291	13	6	9	351	16	1	9	510	23	7	6	16 4	9		
292	13	7	8	352	16	2	8	520	23	16	8	18 2	10		
293	13	8	7	353	16	3	7	530	24	5	10				
294	13	9	6	354	16	4	6	540	24	15	0				
295	13	10	5	355	16	5	5	550	25	4	2				
296	13	11	4	356	16	6	4	560	25	13	4				
297	13	12	3	357	16	7	3	570	26	2	6				
298	13	13	2	358	16	8	2	580	26	11	8				
299	13	14	1	359	16	9	1	590	27	0	10				
300	13	15	0	360	16	10	0	600	27	10	0				

Tax at 1s.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
1		1	0	61	3	1	0	121	6	1	0	181	9	1	0
2		2	0	62	3	2	0	122	6	2	0	182	9	2	0
3		3	0	63	3	3	0	123	6	3	0	183	9	3	0
4		4	0	64	3	4	0	124	6	4	0	184	9	4	0
5		5	0	65	3	5	0	125	6	5	0	185	9	5	0
6		6	0	66	3	6	0	126	6	6	0	186	9	6	0
7		7	0	67	3	7	0	127	6	7	0	187	9	7	0
8		8	0	68	3	8	0	128	6	8	0	188	9	8	0
9		9	0	69	3	9	0	129	6	9	0	189	9	9	0
10	10	0		70	3	10	0	130	6	10	0	190	9	10	0
11	11	0		71	3	11	0	131	6	11	0	191	9	11	0
12	12	0		72	3	12	0	132	6	12	0	192	9	12	0
13	13	0		73	3	13	0	133	6	13	0	193	9	13	0
14	14	0		74	3	14	0	134	6	14	0	194	9	14	0
15	15	0		75	3	15	0	135	6	15	0	195	9	15	0
16	16	0		76	3	16	0	136	6	16	0	196	9	16	0
17	17	0		77	3	17	0	137	6	17	0	197	9	17	0
18	18	0		78	3	18	0	138	6	18	0	198	9	18	0
19	19	0		79	3	19	0	139	6	19	0	199	9	19	0
20	1	0	0	80	4	0	0	140	7	0	0	200	10	0	0
21	1	1	0	81	4	1	0	141	7	1	0	201	10	1	0
22	1	2	0	82	4	2	0	142	7	2	0	202	10	2	0
23	1	3	0	83	4	3	0	143	7	3	0	203	10	3	0
24	1	4	0	84	4	4	0	144	7	4	0	204	10	4	0
25	1	5	0	85	4	5	0	145	7	5	0	205	10	5	0
26	1	6	0	86	4	6	0	146	7	6	0	206	10	6	0
27	1	7	0	87	4	7	0	147	7	7	0	207	10	7	0
28	1	8	0	88	4	8	0	148	7	8	0	208	10	8	0
29	1	9	0	89	4	9	0	149	7	9	0	209	10	9	0
30	1	10	0	90	4	10	0	150	7	10	0	210	10	10	0
31	1	11	0	91	4	11	0	151	7	11	0	211	10	11	0
32	1	12	0	92	4	12	0	152	7	12	0	212	10	12	0
33	1	13	0	93	4	13	0	153	7	13	0	213	10	13	0
34	1	14	0	94	4	14	0	154	7	14	0	214	10	14	0
35	1	15	0	95	4	15	0	155	7	15	0	215	10	15	0
36	1	16	0	96	4	16	0	156	7	16	0	216	10	16	0
37	1	17	0	97	4	17	0	157	7	17	0	217	10	17	0
38	1	18	0	98	4	18	0	158	7	18	0	218	10	18	0
39	1	19	0	99	4	19	0	159	7	19	0	219	10	19	0
40	2	0	0	100	5	0	0	160	8	0	0	220	11	0	0
41	2	1	0	101	5	1	0	161	8	1	0	221	11	1	0
42	2	2	0	102	5	2	0	162	8	2	0	222	11	2	0
43	2	3	0	103	5	3	0	163	8	3	0	223	11	3	0
44	2	4	0	104	5	4	0	164	8	4	0	224	11	4	0
45	2	5	0	105	5	5	0	165	8	5	0	225	11	5	0
46	2	6	0	106	5	6	0	166	8	6	0	226	11	6	0
47	2	7	0	107	5	7	0	167	8	7	0	227	11	7	0
48	2	8	0	108	5	8	0	168	8	8	0	228	11	8	0
49	2	9	0	109	5	9	0	169	8	9	0	229	11	9	0
50	2	10	0	110	5	10	0	170	8	10	0	230	11	10	0
51	2	11	0	111	5	11	0	171	8	11	0	231	11	11	0
52	2	12	0	112	5	12	0	172	8	12	0	232	11	12	0
53	2	13	0	113	5	13	0	173	8	13	0	233	11	13	0
54	2	14	0	114	5	14	0	174	8	14	0	234	11	14	0
55	2	15	0	115	5	15	0	175	8	15	0	235	11	15	0
56	2	16	0	116	5	16	0	176	8	16	0	236	11	16	0
57	2	17	0	117	5	17	0	177	8	17	0	237	11	17	0
58	2	18	0	118	5	18	0	178	8	18	0	238	11	18	0
59	2	19	0	119	5	19	0	179	8	19	0	239	11	19	0
60	3	0	0	120	6	0	0	180	9	0	0	240	12	0	0

Tax at 1s.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
241	12	1	0	301	15	1	0	361	18	1	0	610	30	10	0
242	12	2	0	302	15	2	0	362	18	2	0	620	31	0	0
243	12	3	0	303	15	3	0	363	18	3	0	630	31	10	0
244	12	4	0	304	15	4	0	364	18	4	0	640	32	0	0
245	12	5	0	305	15	5	0	365	18	5	0	650	32	10	0
246	12	6	0	306	15	6	0	366	18	6	0	660	33	0	0
247	12	7	0	307	15	7	0	367	18	7	0	670	33	10	0
248	12	8	0	308	15	8	0	368	18	8	0	680	34	0	0
249	12	9	0	309	15	9	0	369	18	9	0	690	34	10	0
250	12	10	0	310	15	10	0	370	18	10	0	700	35	0	0
251	12	11	0	311	15	11	0	371	18	11	0	710	35	10	0
252	12	12	0	312	15	12	0	372	18	12	0	720	36	0	0
253	12	13	0	313	15	13	0	373	18	13	0	730	36	10	0
254	12	14	0	314	15	14	0	374	18	14	0	740	37	0	0
255	12	15	0	315	15	15	0	375	18	15	0	750	37	10	0
256	12	16	0	316	15	16	0	376	18	16	0	760	38	0	0
257	12	17	0	317	15	17	0	377	18	17	0	770	38	10	0
258	12	18	0	318	15	18	0	378	18	18	0	780	39	0	0
259	12	19	0	319	15	19	0	379	18	19	0	790	39	10	0
260	13	0	0	320	16	0	0	380	19	0	0	800	40	0	0
261	13	1	0	321	16	1	0	381	19	1	0	810	40	10	0
262	13	2	0	322	16	2	0	382	19	2	0	820	41	0	0
263	13	3	0	323	16	3	0	383	19	3	0	830	41	10	0
264	13	4	0	324	16	4	0	384	19	4	0	840	42	0	0
265	13	5	0	325	16	5	0	385	19	5	0	850	42	10	0
266	13	6	0	326	16	6	0	386	19	6	0	860	43	0	0
267	13	7	0	327	16	7	0	387	19	7	0	870	43	10	0
268	13	8	0	328	16	8	0	388	19	8	0	880	44	0	0
269	13	9	0	329	16	9	0	389	19	9	0	890	44	10	0
270	13	10	0	330	16	10	0	390	19	10	0	900	45	0	0
271	13	11	0	331	16	11	0	391	19	11	0	910	45	10	0
272	13	12	0	332	16	12	0	392	19	12	0	920	46	0	0
273	13	13	0	333	16	13	0	393	19	13	0	930	46	10	0
274	13	14	0	334	16	14	0	394	19	14	0	940	47	0	0
275	13	15	0	335	16	15	0	395	19	15	0	950	47	10	0
276	13	16	0	336	16	16	0	396	19	16	0	1,000	50	0	0
277	13	17	0	337	16	17	0	397	19	17	0	2,000	100	0	0
278	13	18	0	338	16	18	0	398	19	18	0	3,000	150	0	0
279	13	19	0	339	16	19	0	399	19	19	0	4,000	200	0	0
280	14	0	0	340	17	0	0	400	20	0	0	5,000	250	0	0
281	14	1	0	341	17	1	0	410	20	10	0	6,000	300	0	0
282	14	2	0	342	17	2	0	420	21	0	0	7,000	350	0	0
283	14	3	0	343	17	3	0	430	21	10	0	8,000	400	0	0
284	14	4	0	344	17	4	0	440	22	0	0	9,000	450	0	0
285	14	5	0	345	17	5	0	450	22	10	0	10,000	500	0	0
286	14	6	0	346	17	6	0	460	23	0	0	Parts of a £.			
287	14	7	0	347	17	7	0	470	23	10	0				
288	14	8	0	348	17	8	0	480	24	0	0	s.	d.	d.	
289	14	9	0	349	17	9	0	490	24	10	0	1	8	1	
290	14	10	0	350	17	10	0	500	25	0	0	3	4	2	
291	14	11	0	351	17	11	0	510	25	10	0	5	0	3	
292	14	12	0	352	17	12	0	520	26	0	0	6	8	4	
293	14	13	0	353	17	13	0	530	26	10	0	8	4	5	
294	14	14	0	354	17	14	0	540	27	0	0	10	0	6	
295	14	15	0	355	17	15	0	550	27	10	0	11	8	7	
296	14	16	0	356	17	16	0	560	28	0	0	13	4	8	
297	14	17	0	357	17	17	0	570	28	10	0	15	0	9	
298	14	18	0	358	17	18	0	580	29	0	0	16	8	10	
299	14	19	0	359	17	19	0	590	29	10	0	18	4	11	
300	15	0	0	360	18	0	0	600	30	0	0				

Tax at 1s. 1d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
1	1	1		61	3	6	1	121	6	11	1	181	9	16	1
2	2	2		62	3	7	2	122	6	12	2	182	9	17	2
3	3	3		63	3	8	3	123	6	13	3	183	9	18	3
4	4	4		64	3	9	4	124	6	14	4	184	9	19	4
5	5	5		65	3	10	5	125	6	15	5	185	10	0	5
6	6	6		66	3	11	6	126	6	16	6	186	10	1	6
7	7	7		67	3	12	7	127	6	17	7	187	10	2	7
8	8	8		68	3	13	8	128	6	18	8	188	10	3	8
9	9	9		69	3	14	9	129	6	19	9	189	10	4	9
10	10	10		70	3	15	10	130	7	0	10	190	10	5	10
11	11	11		71	3	16	11	131	7	1	11	191	10	6	11
12	13	0		72	3	18	0	132	7	3	0	192	10	8	0
13	14	1		73	3	19	1	133	7	4	1	193	10	9	1
14	15	2		74	4	0	2	134	7	5	2	194	10	10	2
15	16	3		75	4	1	3	135	7	6	3	195	10	11	3
16	17	4		76	4	2	4	136	7	7	4	196	10	12	4
17	18	5		77	4	3	5	137	7	8	5	197	10	13	5
18	19	6		78	4	4	6	138	7	9	6	198	10	14	6
19	1	0	7	79	4	5	7	139	7	10	7	199	10	15	7
20	1	1	8	80	4	6	8	140	7	11	8	200	10	16	8
21	1	2	9	81	4	7	9	141	7	12	9	201	10	17	9
22	1	3	10	82	4	8	10	142	7	13	10	202	10	18	10
23	1	4	11	83	4	9	11	143	7	14	11	203	10	19	11
24	1	6	0	84	4	11	0	144	7	16	0	204	11	1	0
25	1	7	1	85	4	12	1	145	7	17	1	205	11	2	1
26	1	8	2	86	4	13	2	146	7	18	2	206	11	3	2
27	1	9	3	87	4	14	3	147	7	19	3	207	11	4	3
28	1	10	4	88	4	15	4	148	8	0	4	208	11	5	4
29	1	11	5	89	4	16	5	149	8	1	5	209	11	6	5
30	1	12	6	90	4	17	6	150	8	2	6	210	11	7	6
31	1	13	7	91	4	18	7	151	8	3	7	211	11	8	7
32	1	14	8	92	4	19	8	152	8	4	8	212	11	9	8
33	1	15	9	93	5	0	9	153	8	5	9	213	11	10	9
34	1	16	10	94	5	1	10	154	8	6	10	214	11	11	10
35	1	17	11	95	5	2	11	155	8	7	11	215	11	12	11
36	1	19	0	96	5	4	0	156	8	9	0	216	11	14	0
37	2	0	1	97	5	5	1	157	8	10	1	217	11	15	1
38	2	1	2	98	5	6	2	158	8	11	2	218	11	16	2
39	2	2	3	99	5	7	3	159	8	12	3	219	11	17	3
40	2	3	4	100	5	8	4	160	8	13	4	220	11	18	4
41	2	4	5	101	5	9	5	161	8	14	5	221	11	19	5
42	2	5	6	102	5	10	6	162	8	15	6	222	12	0	6
43	2	6	7	103	5	11	7	163	8	16	7	223	12	1	7
44	2	7	8	104	5	12	8	164	8	17	8	224	12	2	8
45	2	8	9	105	5	13	9	165	8	18	9	225	12	3	9
46	2	9	10	106	5	14	10	166	8	19	10	226	12	4	10
47	2	10	11	107	5	15	11	167	9	0	11	227	12	5	11
48	2	12	0	108	5	17	0	168	9	2	0	228	12	7	0
49	2	13	1	109	5	18	1	169	9	3	1	229	12	8	1
50	2	14	2	110	5	19	2	170	9	4	2	230	12	9	2
51	2	15	3	111	6	0	3	171	9	5	3	231	12	10	3
52	2	16	4	112	6	1	4	172	9	6	4	232	12	11	4
53	2	17	5	113	6	2	5	173	9	7	5	233	12	12	5
54	2	18	6	114	6	3	6	174	9	8	6	234	12	13	6
55	2	19	7	115	6	4	7	175	9	9	7	235	12	14	7
56	3	0	8	116	6	5	8	176	9	10	8	236	12	15	8
57	3	1	9	117	6	6	9	177	9	11	9	237	12	16	9
58	3	2	10	118	6	7	10	178	9	12	10	238	12	17	10
59	3	3	11	119	6	8	11	179	9	13	11	239	12	18	11
60	3	5	0	120	6	10	0	180	9	15	0	240	13	0	0

Tax at 1s. 1d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
241	13	1	1	301	16	6	1	361	19	11	1	610	33	0	10
242	13	2	2	302	16	7	2	362	19	12	2	620	33	11	8
243	13	3	3	303	16	8	3	363	19	13	3	630	34	2	6
244	13	4	4	304	16	9	4	364	19	14	4	640	34	13	4
245	13	5	5	305	16	10	5	365	19	15	5	650	35	4	2
246	13	6	6	306	16	11	6	366	19	16	6	660	35	15	0
247	13	7	7	307	16	12	7	367	19	17	7	670	36	5	10
248	13	8	8	308	16	13	8	368	19	18	8	680	36	16	8
249	13	9	9	309	16	14	9	369	19	19	9	690	37	7	6
250	13	10	10	310	16	15	10	370	20	0	10	700	37	18	4
251	13	11	11	311	16	16	11	371	20	1	11	710	38	9	2
252	13	13	0	312	16	18	0	372	20	3	0	720	39	0	0
253	13	14	1	313	16	19	1	373	20	4	1	730	39	10	10
254	13	15	2	314	17	0	2	374	20	5	2	740	40	1	8
255	13	16	3	315	17	1	3	375	20	6	3	750	40	12	6
256	13	17	4	316	17	2	4	376	20	7	4	760	41	3	4
257	13	18	5	317	17	3	5	377	20	8	5	770	41	14	2
258	13	19	6	318	17	4	6	378	20	9	6	780	42	5	0
259	14	0	7	319	17	5	7	379	20	10	7	790	42	15	10
260	14	1	8	320	17	6	8	380	20	11	8	800	43	6	8
261	14	2	9	321	17	7	9	381	20	12	9	810	43	17	6
262	14	3	10	322	17	8	10	382	20	13	10	820	44	8	4
263	14	4	11	323	17	9	11	383	20	14	11	830	44	19	2
264	14	6	0	324	17	11	0	384	20	16	0	840	45	10	0
265	14	7	1	325	17	12	1	385	20	17	1	850	46	0	10
266	14	8	2	326	17	13	2	386	20	18	2	860	46	11	8
267	14	9	3	327	17	14	7	387	20	19	3	870	47	2	6
268	14	10	4	328	17	15	4	388	21	0	4	880	47	13	4
269	14	11	5	329	17	16	5	389	21	1	5	890	48	4	2
270	14	12	6	330	17	17	6	390	21	2	6	900	48	15	0
271	14	13	7	331	17	18	7	391	21	3	7	910	49	5	10
272	14	14	8	332	17	19	8	392	21	4	8	920	49	16	8
273	14	15	9	333	18	0	9	393	21	5	9	930	50	7	6
274	14	16	10	334	18	1	10	394	21	6	10	940	50	18	4
275	14	17	11	335	18	2	11	395	21	7	11	950	51	9	2
276	14	19	0	336	18	4	0	396	21	9	0	960	52	0	0
277	15	0	1	337	18	5	1	397	21	10	1	970	52	10	10
278	15	1	2	338	18	6	2	398	21	11	2	980	53	1	8
279	15	2	3	339	18	7	3	399	21	12	3	990	53	12	6
280	15	3	4	340	18	8	4	400	21	13	4	1,000	54	3	4
281	15	4	5	341	18	9	5	410	22	4	2				
282	15	5	6	342	18	10	6	420	22	15	0				
283	15	6	7	343	18	11	7	430	23	5	10	Parts of a £.			
284	15	7	8	344	18	12	8	440	23	16	8	s. d.	s. d.		
285	15	8	9	345	18	13	9	450	24	7	6				
286	15	9	10	346	18	14	10	460	24	18	4	1 6	1		
287	15	10	11	347	18	15	11	470	25	9	2	3 1	2		
288	15	12	0	348	18	17	0	480	26	0	0	4 7	3		
289	15	13	1	349	18	18	1	490	26	10	10	5 2	4		
290	15	14	2	350	18	19	2	500	27	1	8	7 8	5		
291	15	15	3	351	19	0	3	510	27	12	6	9 3	6		
292	15	16	4	352	19	1	4	520	28	3	4	10 9	7		
293	15	17	5	353	19	2	5	530	28	14	2	12 4	8		
294	15	18	6	354	19	3	6	540	29	5	0	13 10	9		
295	15	19	7	355	19	4	7	550	29	15	10	15 5	10		
296	16	0	8	356	19	5	8	560	30	6	8	16 11	11		
297	16	1	9	357	19	6	9	570	30	17	6	18 6	1 0		
298	16	2	10	358	19	7	10	580	31	8	4				
299	16	3	11	359	19	8	11	590	31	19	2				
300	16	5	0	360	19	10	0	600	32	10	0				

Tax at 1s. 2d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
1	1	2		61	3	11	2	121	7	1	2	181	10	11	2
2		2	4	62	3	12	4	122	7	2	4	182	10	12	4
3		3	6	63	3	13	6	123	7	3	6	183	10	13	6
4		4	8	64	3	14	8	124	7	4	8	184	10	14	8
5		5	10	65	3	15	10	125	7	5	10	185	10	15	10
6		7	0	66	3	17	0	126	7	7	0	186	10	17	0
7		8	2	67	3	18	2	127	7	8	2	187	10	18	2
8		9	4	68	3	19	4	128	7	9	4	188	10	19	4
9		10	6	69	4	0	6	129	7	10	6	189	11	0	6
10		11	8	70	4	1	8	130	7	11	8	190	11	1	8
11		12	10	71	4	2	10	131	7	12	10	191	11	2	10
12		14	0	72	4	4	0	132	7	14	0	192	11	4	0
13		15	2	73	4	5	2	133	7	15	2	193	11	5	2
14		16	4	74	4	6	4	134	7	16	4	194	11	6	4
15		17	6	75	4	7	6	135	7	17	6	195	11	7	6
16		18	8	76	4	8	8	136	7	18	8	196	11	8	8
17		19	10	77	4	9	10	137	7	19	10	197	11	9	10
18	1	1	0	78	4	11	0	138	8	1	0	198	11	11	0
19	1	2	2	79	4	12	2	139	8	2	2	199	11	12	2
20	1	3	4	80	4	13	4	140	8	3	4	200	11	13	4
21	1	4	6	81	4	14	6	141	8	4	6	201	11	14	6
22	1	5	8	82	4	15	8	142	8	5	8	202	11	15	8
23	1	6	10	83	4	16	10	143	8	6	10	203	11	16	10
24	1	8	0	84	4	18	0	144	8	8	0	204	11	18	0
25	1	9	2	85	4	19	2	145	8	9	2	205	11	19	2
26	1	10	4	86	5	0	4	146	8	10	4	206	12	0	4
27	1	11	6	87	5	1	6	147	8	11	6	207	12	1	6
28	1	12	8	88	5	2	8	148	8	12	8	208	12	2	8
29	1	13	10	89	5	3	10	149	8	13	10	209	12	3	10
30	1	15	0	90	5	5	0	150	8	15	0	210	12	5	0
31	1	16	2	91	5	6	2	151	8	16	2	211	12	6	2
32	1	17	4	92	5	7	4	152	8	17	4	212	12	7	4
33	1	18	6	93	5	8	6	153	8	18	6	213	12	8	6
34	1	19	8	94	5	9	8	154	8	19	8	214	12	9	8
35	2	0	10	95	5	10	10	155	9	0	10	215	12	10	10
36	2	2	0	96	5	12	0	156	9	2	0	216	12	12	0
37	2	3	2	97	5	13	2	157	9	3	2	217	12	13	2
38	2	4	4	98	5	14	4	158	9	4	4	218	12	14	4
39	2	5	6	99	5	15	6	159	9	5	6	219	12	15	6
40	2	6	8	100	5	16	8	160	9	6	8	220	12	16	8
41	2	7	10	101	5	17	10	161	9	7	10	221	12	17	10
42	2	9	0	102	5	19	0	162	9	9	0	222	12	19	0
43	2	10	2	103	6	0	2	163	9	10	2	223	13	0	2
44	2	11	4	104	6	1	4	164	9	11	4	224	13	1	4
45	2	12	6	105	6	2	6	165	9	12	6	225	13	2	6
46	2	13	8	106	6	3	8	166	9	13	8	226	13	3	8
47	2	14	10	107	6	4	10	167	9	14	10	227	13	4	10
48	2	16	0	108	6	6	0	168	9	16	0	228	13	6	0
49	2	17	2	109	6	7	2	169	9	17	2	229	13	7	2
50	2	18	4	110	6	8	4	170	9	18	4	230	13	8	4
51	2	19	6	111	6	9	6	171	9	19	6	231	13	9	6
52	3	0	8	112	6	10	8	172	10	0	8	232	13	10	8
53	3	1	10	113	6	11	10	173	10	1	10	233	13	11	10
54	3	3	0	114	6	13	0	174	10	3	0	234	13	13	0
55	3	4	2	115	6	14	2	175	10	4	2	235	13	14	2
56	3	5	4	116	6	15	4	176	10	5	4	236	13	15	4
57	3	6	6	117	6	16	6	177	10	6	6	237	13	16	6
58	3	7	8	118	6	17	8	178	10	7	8	238	13	17	8
59	3	8	10	119	6	18	10	179	10	8	10	239	13	18	10
60	3	10	0	120	7	0	0	180	10	10	0	240	14	0	0

Tax at 1s. 2d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.					
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.			
241	14	1	2	301	17	11	2	361	21	1	2	610	35	11	8			
242	14	2	4	302	17	12	4	362	21	2	4	620	36	3	4			
243	14	3	6	303	17	13	6	363	21	3	6	630	36	15	0			
244	14	4	8	304	17	14	8	364	21	4	8	640	37	6	8			
245	14	5	10	305	17	15	10	365	21	5	10	650	37	18	4			
246	14	7	0	306	17	17	0	366	21	7	0	660	38	10	0			
247	14	8	2	307	17	18	2	367	21	8	2	670	39	1	8			
248	14	9	4	308	17	19	4	368	21	9	4	680	39	13	4			
249	14	10	6	309	18	0	6	369	21	10	6	690	40	5	0			
250	14	11	8	310	18	1	8	370	21	11	8	700	40	16	8			
251	14	12	10	311	18	2	10	371	21	12	10	710	41	8	4			
252	14	14	0	312	18	4	0	372	21	14	0	720	42	0	0			
253	14	15	2	313	18	5	2	373	21	15	2	730	42	11	8			
254	14	16	4	314	18	6	4	374	21	16	4	740	43	3	4			
255	14	17	6	315	18	7	6	375	21	17	6	750	43	15	0			
256	14	18	8	316	18	8	8	376	21	18	8	760	44	6	8			
257	14	19	10	317	18	9	10	377	21	19	10	770	44	18	4			
258	15	1	0	318	18	11	0	378	22	1	0	780	45	10	0			
259	15	2	2	319	18	12	2	379	22	2	2	790	46	1	3			
260	15	3	4	320	18	13	4	380	22	3	4	800	46	13	4			
261	15	4	6	321	18	14	6	381	22	4	6	810	47	5	0			
262	15	5	8	322	18	15	8	382	22	5	8	820	47	16	8			
263	15	6	10	323	18	16	10	383	22	6	10	830	48	8	4			
264	15	8	0	324	18	18	0	384	22	8	0	840	49	0	0			
265	15	9	2	325	18	19	2	385	22	9	2	850	49	11	8			
266	15	10	4	326	19	0	4	386	22	10	4	860	50	3	4			
267	15	11	6	327	19	1	6	387	22	11	6	870	50	15	0			
268	15	12	8	328	19	2	8	388	22	12	8	880	51	6	8			
269	15	13	10	329	19	3	10	389	22	13	10	890	51	18	4			
270	15	15	0	330	19	5	0	390	22	15	0	900	52	10	0			
271	15	16	2	331	19	6	2	391	22	16	2	950	55	8	4			
272	15	17	4	332	19	7	4	392	22	17	4	1,000	58	6	8			
273	15	18	6	333	19	8	6	393	22	18	6	2,000	116	13	4			
274	15	19	8	334	19	9	8	394	22	19	8	3,000	175	0	0			
275	16	0	10	335	19	10	10	395	23	0	10	4,000	233	6	8			
276	16	2	0	336	19	12	0	396	23	2	0	5,000	291	13	4			
277	16	3	2	337	19	13	2	397	23	3	2	6,000	350	0	0			
278	16	4	4	338	19	14	4	398	23	4	4	7,000	408	6	8			
279	16	5	6	339	19	15	6	399	23	5	6	8,000	466	13	4			
280	16	6	8	340	19	16	8	400	23	6	8	9,000	525	0	0			
281	16	7	10	341	19	17	10	410	23	18	4	10,000	583	6	8			
282	16	9	0	342	19	19	0	420	24	10	0	Parts of a £.						
283	16	10	2	343	20	0	2	430	25	1	8					s. d.	s. d.	
284	16	11	4	344	20	1	4	440	25	13	4	1 5	1					
285	16	12	6	345	20	2	6	450	26	5	0	2 10	2					
286	16	13	8	346	20	3	8	460	26	16	8	4 3	3					
287	16	14	10	347	20	4	10	470	27	8	4	5 9	4					
288	16	16	0	348	20	6	0	480	28	0	0	7 2	5					
289	16	17	2	349	20	7	2	490	28	11	8	8 7	6					
290	16	18	4	350	20	8	4	500	29	3	4	10 0	7					
291	16	19	6	351	20	9	6	510	29	15	0	11 5	8					
292	17	0	8	352	20	10	8	520	30	6	8	12 10	9					
293	17	1	10	353	20	11	10	530	30	18	4	14 3	10					
294	17	3	0	354	20	13	0	540	31	10	0	15 9	11					
295	17	4	2	355	20	14	2	550	32	1	8	17 2	1 0					
296	17	5	4	356	20	15	4	560	32	13	4	18 7	1 1					
297	17	6	6	357	20	16	6	570	33	5	0							
298	17	7	8	358	20	17	8	580	33	16	8							
299	17	8	10	359	20	18	10	590	34	8	4							
300	17	10	0	360	21	0	0	600	35	0	0							

Tax at 1s. 3d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
1	1	3		61	3	16	3	121	7	11	3	181	11	6	3
2		2	6	62	3	17	6	122	7	12	6	182	11	7	6
3	3	9		63	3	18	9	123	7	13	9	183	11	8	9
4		5	0	64	4	0	0	124	7	15	0	184	11	10	0
5		6	3	65	4	1	3	125	7	16	3	185	11	11	3
6		7	6	66	4	2	6	126	7	17	6	186	11	12	6
7		8	9	67	4	3	9	127	7	18	9	187	11	13	9
8		10	0	68	4	5	0	128	8	0	0	188	11	15	0
9		11	3	69	4	6	3	129	8	1	3	189	11	16	3
10		12	6	70	4	7	6	130	8	2	6	190	11	17	6
11		13	9	71	4	8	9	131	8	3	9	191	11	18	9
12		15	0	72	4	10	0	132	8	5	0	192	12	0	0
13		16	3	73	4	11	3	133	8	6	3	193	12	1	3
14		17	6	74	4	12	6	134	8	7	6	194	12	2	6
15		18	9	75	4	13	9	135	8	8	9	195	12	3	9
16	1	0	0	76	4	15	0	136	8	10	0	196	12	5	0
17	1	1	3	77	4	16	3	137	8	11	3	197	12	6	3
18	1	2	6	78	4	17	6	138	8	12	6	198	12	7	6
19	1	3	9	79	4	18	9	139	8	13	9	199	12	8	9
20	1	5	0	80	5	0	0	140	8	15	0	200	12	10	0
21	1	6	3	81	5	1	3	141	8	16	3	201	12	11	3
22	1	7	6	82	5	2	6	142	8	17	6	202	12	12	6
23	1	8	9	83	5	3	9	143	8	18	9	203	12	13	9
24	1	10	0	84	5	5	0	144	9	0	0	204	12	15	0
25	1	11	3	85	5	6	3	145	9	1	3	205	12	16	3
26	1	12	6	86	5	7	6	146	9	2	6	206	12	17	6
27	1	13	9	87	5	8	9	147	9	3	9	207	12	18	9
28	1	15	0	88	5	10	0	148	9	5	0	208	13	0	0
29	1	16	3	89	5	11	3	149	9	6	3	209	13	1	3
30	1	17	6	90	5	12	6	150	9	7	6	210	13	2	6
31	1	18	9	91	5	13	9	151	9	8	9	211	13	3	9
32	2	0	0	92	5	15	0	152	9	10	0	212	13	5	0
33	2	1	3	93	5	16	3	153	9	11	3	213	13	6	3
34	2	2	6	94	5	17	6	154	9	12	6	214	13	7	6
35	2	3	9	95	5	18	9	155	9	13	9	215	13	8	9
36	2	5	0	96	6	0	0	156	9	15	0	216	13	10	0
37	2	6	3	97	6	1	3	157	9	16	3	217	13	11	3
38	2	7	6	98	6	2	6	158	9	17	6	218	13	12	6
39	2	8	9	99	6	3	9	159	9	18	9	219	13	13	9
40	2	10	0	100	6	5	0	160	10	0	0	220	13	15	0
41	2	11	3	101	6	6	3	161	10	1	3	221	13	16	3
42	2	12	6	102	6	7	6	162	10	2	6	222	13	17	6
43	2	13	9	103	6	8	9	163	10	3	9	223	13	18	9
44	2	15	0	104	6	10	0	164	10	5	0	224	14	0	0
45	2	16	3	105	6	11	3	165	10	6	3	225	14	1	3
46	2	17	6	106	6	12	6	166	10	7	6	226	14	2	6
47	2	18	9	107	6	13	9	167	10	8	9	227	14	3	9
48	3	0	0	108	6	15	0	168	10	10	0	228	14	5	0
49	3	1	3	109	6	16	3	169	10	11	3	229	14	6	3
50	3	2	6	110	6	17	6	170	10	12	6	230	14	7	6
51	3	3	9	111	6	18	9	171	10	13	9	231	14	8	9
52	3	5	0	112	7	0	0	172	10	15	0	232	14	10	0
53	3	6	3	113	7	1	3	173	10	16	3	233	14	11	3
54	3	7	6	114	7	2	6	174	10	17	6	234	14	12	6
55	3	8	9	115	7	3	9	175	10	18	9	235	14	13	9
56	3	10	0	116	7	5	0	176	11	0	0	236	14	15	0
57	3	11	3	117	7	6	3	177	11	1	3	237	14	16	3
58	3	12	6	118	7	7	6	178	11	2	6	238	14	17	6
59	3	13	9	119	7	8	9	179	11	3	9	239	14	18	9
60	3	15	0	120	7	10	0	180	11	5	0	240	15	0	0

Tax at 1s. 3d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£.	£.	s.	d.	£.	£.	s.	d.	£.	£.	s.	d.	£.	£.	s.	d.
241	15	1	3	301	18	16	3	361	22	11	3	610	38	2	6
242	15	2	6	302	18	17	6	362	22	12	6	620	38	15	0
243	15	3	9	303	18	18	9	363	22	13	9	630	39	7	6
244	15	5	0	304	19	0	0	364	22	15	0	640	40	0	0
245	15	6	3	305	19	1	3	365	22	16	3	650	40	12	6
246	15	7	6	306	19	2	6	366	22	17	6	660	41	5	0
247	15	8	9	307	19	3	9	367	22	18	9	670	41	17	6
248	15	10	0	308	19	5	0	368	23	0	0	680	42	10	0
249	15	11	3	309	19	6	3	369	23	1	3	690	43	2	6
250	15	12	6	310	19	7	6	370	23	2	6	700	43	15	0
251	15	13	9	311	19	8	9	371	23	3	9	710	44	7	6
252	15	15	0	312	19	10	0	372	23	5	0	720	45	0	0
253	15	16	3	313	19	11	3	373	23	6	3	730	45	12	6
254	15	17	6	314	19	12	6	374	23	7	6	740	46	5	0
255	15	18	9	315	19	13	9	375	23	8	9	750	46	17	6
256	16	0	0	316	19	15	0	376	23	10	0	760	47	10	0
257	16	1	3	317	19	16	3	377	23	11	3	770	48	2	6
258	16	2	6	318	19	17	6	378	23	12	6	780	48	15	0
259	16	3	9	319	19	18	9	379	23	13	9	790	49	7	6
260	16	5	0	320	20	0	0	380	23	15	0	800	50	0	0
261	16	6	3	321	20	1	3	381	23	16	3	810	50	12	6
262	16	7	6	322	20	2	6	382	23	17	6	820	51	5	0
263	16	8	9	323	20	3	9	383	23	18	9	830	51	17	6
264	16	10	0	324	20	5	0	384	24	0	0	840	52	10	0
265	16	11	3	325	20	6	3	385	24	1	3	850	53	2	6
266	16	12	6	326	20	7	6	386	24	2	6	860	53	15	0
267	16	13	9	327	20	8	9	387	24	3	9	870	54	7	6
268	16	15	0	328	20	10	0	388	24	5	0	880	55	0	0
269	16	16	3	329	20	11	3	389	24	6	3	890	55	12	6
270	16	17	6	330	20	12	6	390	24	7	6	900	56	5	0
271	16	18	9	331	20	13	9	391	24	8	9	950	59	7	6
272	17	0	0	332	20	15	0	392	24	10	0	1,000	62	10	0
273	17	1	3	333	20	16	3	393	24	11	3	2,000	125	0	0
274	17	2	6	334	20	17	6	394	24	12	6	3,000	187	10	0
275	17	3	9	335	20	18	9	395	24	13	9	4,000	250	0	0
276	17	5	0	336	21	0	0	396	24	15	0	5,000	312	10	0
277	17	6	3	337	21	1	3	397	24	16	3	6,000	375	0	0
278	17	7	6	338	21	2	6	398	24	17	6	7,000	437	10	0
279	17	8	9	339	21	3	9	399	24	18	9	8,000	500	0	0
280	17	10	0	340	21	5	0	400	25	0	0	9,000	562	10	0
281	17	11	3	341	21	6	3	410	25	12	6	10,000	625	0	0
282	17	12	6	342	21	7	6	420	26	5	0	Parts of a £.			
283	17	13	9	343	21	8	9	430	26	17	6				
284	17	15	0	344	21	10	0	440	27	10	0	s.	d.	s.	d.
285	17	16	3	345	21	11	3	450	28	2	6	1	4	1	
286	17	17	6	346	21	12	6	460	28	15	0	2	8	2	
287	17	18	9	347	21	13	9	470	29	7	6	4	0	3	
288	18	0	0	348	21	15	0	480	30	0	0	5	4	4	
289	18	1	3	349	21	16	3	490	30	12	6	6	8	5	
290	18	2	6	350	21	17	6	500	31	5	0	8	0	6	
291	18	3	9	351	21	18	9	510	31	17	6	9	4	7	
292	18	5	0	352	22	0	0	520	32	10	0	10	8	8	
293	18	6	3	353	22	1	3	530	33	2	6	12	0	9	
294	18	7	6	354	22	2	6	540	33	15	0	13	4	10	
295	18	8	9	355	22	3	9	550	34	7	6	14	8	11	
296	18	10	0	356	22	5	0	560	35	0	0	16	0	1	0
297	18	11	3	357	22	6	3	570	35	12	6	17	4	1	1
298	18	12	6	358	22	7	6	580	36	5	0	18	8	1	2
299	18	13	9	359	22	8	9	590	36	17	6				
300	18	15	0	360	22	10	0	600	37	10	0				

Tax at 1s. 4d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
1		1	4	61	4	1	4	121	8	1	4	181	12	1	4
2		2	8	62	4	2	8	122	8	2	8	182	12	2	8
3		4	0	63	4	4	0	123	8	4	0	183	12	4	0
4		5	4	64	4	5	4	124	8	5	4	184	12	5	4
5		6	8	65	4	6	8	125	8	6	8	185	12	6	8
6		8	0	66	4	8	0	126	8	8	0	186	12	8	0
7		9	4	67	4	9	4	127	8	9	4	187	12	9	4
8		10	8	68	4	10	8	128	8	10	8	188	12	10	8
9		12	0	69	4	12	0	129	8	12	0	189	12	12	0
10		13	4	70	4	13	4	130	8	13	4	190	12	13	4
11		14	8	71	4	14	8	131	8	14	8	191	12	14	8
12		16	0	72	4	16	0	132	8	16	0	192	12	16	0
13		17	4	73	4	17	4	133	8	17	4	193	12	17	4
14		18	8	74	4	18	8	134	8	18	8	194	12	18	8
15	1	0	0	75	5	0	0	135	9	0	0	195	13	0	0
16	1	1	4	76	5	1	4	136	9	1	4	196	13	1	4
17	1	2	8	77	5	2	8	137	9	2	8	197	13	2	8
18	1	4	0	78	5	4	0	138	9	4	0	198	13	4	0
19	1	5	4	79	5	5	4	139	9	5	4	199	13	5	4
20	1	6	8	80	5	6	8	140	9	6	8	200	13	6	8
21	1	8	0	81	5	8	0	141	9	8	0	201	13	8	0
22	1	9	4	82	5	9	4	142	9	9	4	202	13	9	4
23	1	10	8	83	5	10	8	143	9	10	8	203	13	10	8
24	1	12	0	84	5	12	0	144	9	12	0	204	13	12	0
25	1	13	4	85	5	13	4	145	9	13	4	205	13	13	4
26	1	14	8	86	5	14	8	146	9	14	8	206	13	14	8
27	1	16	0	87	5	16	0	147	9	16	0	207	13	16	0
28	1	17	4	88	5	17	4	148	9	17	4	208	13	17	4
29	1	18	8	89	5	18	8	149	9	18	8	209	13	18	8
30	2	0	0	90	6	0	0	150	10	0	0	210	14	0	0
31	2	1	4	91	6	1	4	151	10	1	4	211	14	1	4
32	2	2	8	92	6	2	8	152	10	2	8	212	14	2	8
33	2	4	0	93	6	4	0	153	10	4	0	213	14	4	0
34	2	5	4	94	6	5	4	154	10	5	4	214	14	5	4
35	2	6	8	95	6	6	8	155	10	6	8	215	14	6	8
36	2	8	0	96	6	8	0	156	10	8	0	216	14	8	0
37	2	9	4	97	6	9	4	157	10	9	4	217	14	9	4
38	2	10	8	98	6	10	8	158	10	10	8	218	14	10	8
39	2	12	0	99	6	12	0	159	10	12	0	219	14	12	0
40	2	13	4	100	6	13	4	160	10	13	4	220	14	13	4
41	2	14	8	101	6	14	8	161	10	14	8	221	14	14	8
42	2	16	0	102	6	16	0	162	10	16	0	222	14	16	0
43	2	17	4	103	6	17	4	163	10	17	4	223	14	17	4
44	2	18	8	104	6	18	8	164	10	18	8	224	14	18	8
45	3	0	0	105	7	0	0	165	11	0	0	225	15	0	0
46	3	1	4	106	7	1	4	166	11	1	4	226	15	1	4
47	3	2	8	107	7	2	8	167	11	2	8	227	15	2	8
48	3	4	0	108	7	4	0	168	11	4	0	228	15	4	0
49	3	5	4	109	7	5	4	169	11	5	4	229	15	5	4
50	3	6	8	110	7	6	8	170	11	6	8	230	15	6	8
51	3	8	0	111	7	8	0	171	11	8	0	231	15	8	0
52	3	9	4	112	7	9	4	172	11	9	4	232	15	9	4
53	3	10	8	113	7	10	8	173	11	10	8	233	15	10	8
54	3	12	0	114	7	12	0	174	11	12	0	234	15	12	0
55	3	13	4	115	7	13	4	175	11	13	4	235	15	13	4
56	3	14	8	116	7	14	8	176	11	14	8	236	15	14	8
57	3	16	0	117	7	16	0	177	11	16	0	237	15	16	0
58	3	17	4	118	7	17	4	178	11	17	4	238	15	17	4
59	3	18	8	119	7	18	8	179	11	18	8	239	15	18	8
60	4	0	0	120	8	0	0	180	12	0	0	240	16	0	0

Tax at 1s. 4d.

Income.	Tax.			Income.	Tax.			Income.	Tax.			Income.	Tax.		
£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.
241	16	1	4	301	20	1	4	361	24	1	4	610	40	13	4
242	16	2	8	302	20	2	8	362	24	2	8	620	41	6	8
243	16	4	0	303	20	4	0	363	24	4	0	630	42	0	0
244	16	5	4	304	20	5	4	364	24	5	4	640	42	13	4
245	16	6	8	305	20	6	8	365	24	6	8	650	43	6	8
246	16	8	0	306	20	8	0	366	24	8	0	660	44	0	0
247	16	9	4	307	20	9	4	367	24	9	4	670	44	13	4
248	16	10	8	308	20	10	8	368	24	10	8	680	45	6	8
249	16	12	0	309	20	12	0	369	24	12	0	690	46	0	0
250	16	12	4	310	20	13	4	370	24	13	4	700	46	13	4
251	16	14	8	311	20	14	8	371	24	14	8	710	47	6	8
252	16	16	0	312	20	16	0	372	24	16	0	720	48	0	0
253	16	17	4	313	20	17	4	373	24	17	4	730	48	13	4
254	16	18	8	314	20	18	8	374	24	18	8	740	49	6	8
255	17	0	0	315	21	0	0	375	25	0	0	750	50	0	0
256	17	1	4	316	21	1	4	376	25	1	4	760	50	13	4
257	17	2	8	317	21	2	8	377	25	2	8	770	51	6	8
258	17	4	0	318	21	4	0	378	25	4	0	780	52	0	0
259	17	5	4	319	21	5	4	379	25	5	4	790	52	13	4
260	17	6	8	320	21	6	8	380	25	6	8	800	53	6	8
261	17	8	0	321	21	8	0	381	25	8	0	810	54	0	0
262	17	9	4	322	21	9	4	382	25	9	4	820	54	13	4
263	17	10	8	323	21	10	8	383	25	10	8	830	55	6	8
264	17	12	0	324	21	12	0	384	25	12	0	840	56	0	0
265	17	13	4	325	21	13	4	385	25	13	4	850	56	13	4
266	17	14	8	326	21	14	8	386	25	14	8	860	57	6	8
267	17	16	0	327	21	16	0	387	25	16	0	870	58	0	0
268	17	17	4	328	21	17	4	388	25	17	4	880	58	13	4
269	17	18	8	329	21	18	8	389	25	18	8	890	59	6	8
270	18	0	0	330	22	0	0	390	26	0	0	900	60	0	0
271	18	1	4	331	22	1	4	391	26	1	4	950	63	6	8
272	18	2	8	332	22	2	8	392	26	2	8	1,000	66	13	4
273	18	4	0	333	22	4	0	393	26	4	0	2,000	133	6	8
274	18	5	4	334	22	5	4	394	26	5	4	3,000	200	0	0
275	18	6	8	335	22	6	8	395	26	6	8	4,000	266	13	4
276	18	8	0	336	22	8	0	396	26	8	0	5,000	333	6	8
277	18	9	4	337	22	9	4	397	26	9	4	6,000	400	0	0
278	18	10	8	338	22	10	8	398	26	10	8	7,000	466	13	4
279	18	12	0	339	22	12	0	399	26	12	0	8,000	533	6	8
280	18	13	4	340	22	13	4	400	26	13	4	9,000	600	0	0
281	18	14	8	341	22	14	8	410	27	6	8	10,000	666	13	4
282	18	16	0	342	22	16	0	420	28	0	0	Parts of a £1.			
283	18	17	4	343	22	17	4	430	28	13	4				
284	18	18	8	344	22	18	8	440	29	6	8	s.	d.	s.	d.
285	19	0	0	345	23	0	0	450	30	0	0	1	3	1	
286	19	1	4	346	23	1	4	460	30	13	4	2	6	2	
287	19	2	8	347	23	2	8	470	31	6	8	3	9	3	
288	19	4	0	348	23	4	0	480	32	0	0	5	0	4	
289	19	5	4	349	23	5	4	490	32	13	4	6	3	5	
290	19	6	8	350	23	6	8	500	33	6	8	7	6	6	
291	19	8	0	351	23	8	0	510	34	0	0	8	9	7	
292	19	9	4	352	23	9	4	520	34	13	4	10	0	8	
293	19	10	8	353	23	10	8	530	35	6	8	11	3	9	
294	19	12	0	354	23	12	0	540	36	0	0	12	6	10	
295	19	13	4	355	23	13	4	550	36	13	4	13	9	11	
296	19	14	8	356	23	14	8	560	37	6	8	15	0	1	0
297	19	16	0	357	23	16	0	570	38	0	0	16	3	1	1
298	19	17	4	358	23	17	4	580	38	13	4	17	6	1	2
299	19	18	8	359	23	18	8	590	39	6	8	18	9	1	3
300	20	0	0	360	24	0	0	600	40	0	0				

INDEX

A, SCHEDULE, 341, 345
 Abatement to small incomes, 36, 89
 —, examples, 38
 —, repayment claim, 78
 —, married women, 239
 — to non-residents, 293
 —, penalties respecting claims, 303
 — and rent-free residence, 327
 Abetting false claim, 303
 Abroad, general note, 91
 Accidents, 92
 Accounts, 93
 —, adjustment of, 5
 —, specimen, 7-15
 —, cost of preparation, 93
 —, suspense, 6, 371
 —, interest, 8, 253
 —, bad debts reserve, 8, 158
 —, cash, 9, 12
 —, date of, 17, 21, 22, 93
 —, farmers', 195
 —, publicans', 267
 —, money lenders' 291
 —, underwriting, 389
 Accountants at appeals, 92
 —, charges by, 93
 Additions, 8
 Adjustment of accounts, 5
 — where no account, 13-15
 — at end of year, 20-32, 107
 Advertisements, 93
 Agents, 95
 — to foreign traders, 218
 Agreement, cancellation of, 145
 — not to deduct tax, 159
 Allotments, 96
 Allowances from assessment, 35, 96
 —, voluntary, 97
 — to non-residents, 293
 Almshouses, 97, 132
 Alterations, 97
 Alum mines, 98
 Amalgamation, 366
 Ambassadors, 213
 Angling rights, 98
 Annual, 98, 314
 — interest, 98
 — payment, 98
 — value, 100
 — of public-house, 265
 —, profits having, 323
 Annuities, 103, 186
 — charged in account, 8
 —, omission to deduct tax, 296
 Apartments, 105
 Appeals, 105
 — at end of year, 20-32
 —, accountants, barristers, etc., at, 92

Appeals to High Court, 233
 —, penalties respecting, 303
 Apprentices, 108
 Arrears of tax, 375
 Assessment, year of, 16
 —, notice of, 105, 109
 —, place of, 110
 Assessments, 108
 —, examples, 18-32
 —, procedure, 108
 —, errors in, 110
 Assessors, 110
 Assets, 111
 Assistant minister, 365
 Associations, 111
 —, trade, 377
 Assurance, life, 273
 Asylums, 111
 Auditing, cost of, 93
 Average system, 16
 —, exceptions to, 20
 —, clerks, 137
 —, employees, 181, 351
 Averages, list of, 112

 B, SCHEDULE, 341, 345
 Bad debts, 157
 — reserve account, 8, 158
 Balance of profit, 5-15
 Bandsmen, 113
 Bank interest, 99, 113
 —, repayment of claims, 80, 114
 — managers, 116
 — charges, 117
 Bankers, 116
 Bankrupts, 117
 Baptist ministers, 135
 Barristers at appeals, 92
 Barrows, 123
 Beneficial occupier, 325
 Betting profits, 117
 Board and lodging, 118
 Boarding houses, 118
 Bobbinets included in annual value, 103
 Boilers, 119
 — included in annual value, 103
 Bonds, 120
 Bonuses, 120
 Books, 120
 —, clergymen and ministers, 136
 Borrowed capital, 127
 Branches, 120
 — of foreign concern, 207
 Break-open warrant, 140, 175
 Brewers, 121
 — and tied houses, 269
 Bribery, 302
 Bridges, 122

- British subject temporarily abroad, 91
 Brokers' charges, 122
 Builders, 122
 Building Societies, 123
 ———, interest to, 99
 Burglary, 124
 Business discontinued, 30, 107, 129
 ——— premises, 124
 ———, extension of, 191
 ———, succession to, 366

 C, SCHEDULE, 346
 Calls paid in advance, 125
 Canals, 126
 Capital, 126
 Caretaker, 127
 Carriages, 127
 Carts, 128
 Cash account, 9, 12
 Casual profits, 128
 Cattle dealers, 129
 Cemeteries, 129
 Cessation of business, 30, 107, 129
 Chancery, payments out of, 130
 Change of proprietorship, 17, 130
 ——— employment, 137
 Channel islands, 131
 Chapels, 131
 Charges on income, 131
 ——— earned income, 178
 Charitable institutions, 133
 Charities, 132
 Charity homes, 235
 Children, allowances for, 36, 134
 ———, examples of allowance, 40
 ———, repayment claim, 80
 ———, allowance to non-residents, 293
 Christmas gifts, 135
 Churches, 135
 Claims, 135
 ——— to adjustment, 20-32
 ———, penalties respecting, 303
 Cleaning expenses, 135
 Clearing, 307
 Clergymen, 135
 Clerks, 137
 Close of Business, 30, 107, 129
 Clothes, 138
 Clubs, 138
 Collection of duty, 139
 ——— debts, 158
 Collectors, 140
 Collegiate bodies, 141
 Collusion, 302
 Colonial income, 141
 ——— residents, 141
 Combines, 141
 Commencing business, 17, 20, 107, 141
 ———, loss in, 29, 107
 Commercial travellers, 142
 Commission, 142
 ———, insurance, 246
 Commissioners of income tax, 143
 ——— inland revenue, 143
 Committee, return by, 95

 Companies, 144
 ———, returns for, 47
 ———, specimen return, 57
 ——— may not claim abatement, etc, 91
 ———, flotation of, 205
 ——— in liquidation, 275
 ———, secretaries to, 350, 354
 Compensation, 92, 144
 ——— fund charge, 146
 ———, workman's, 392
 Congregational ministers, 135
 Consols, 146
 Contango interest, 146
 Contingent interest, 147
 Contra account, 147
 Contract not to deduct tax, 159
 ——— as part of trading, 219
 Contractors, 147
 Contributions, 147
 Control of foreign concerns, 339
 Co-operative society, 147
 Copyright, 129, 277
 Corporations, 147
 Court fees, 149
 Counters, 151
 County asylums, 111
 ——— council, 151
 Coupons, 151
 Cranes included in annual value, 103
 Creditors, 152
 ——— acquiring business, 117
 Crematorium, 152
 Crown privilege, 111, 153
 ——— servants abroad, 293
 Cum- and ex-dividend, 153
 Curates, 154
 Curator, return by, 95

 D, SCHEDULE, 347
 Damages, 140
 Dates, 16
 ——— of accounts, 17, 21, 22, 93, 155
 Death, 155
 Debenture stock, 155
 ———, issue of, 122
 ——— holders, trustees for, 387
 Debts, 156
 ——— not in cash account, 12, 13
 ———, interest on judgment, 100
 ———, collection of, 158
 Deceased persons, 158
 Deduction of tax, 158
 ——— from annual payment, 100
 ——— at changing rates, 161
 ——— from directors' fees, 173
 ———, omission, 159, 296
 ———, agreement against, 159
 ——— from interest, 251
 ———, from property, 317
 ——— from rent, 326, 330
 Deductions from profits, 162
 ——— salaries, 370
 Deed of partnership, 6
 Delivery as part of contract, 219
 Depreciation, 165

- Depreciation written off, 6, 8
 - in tropics, 308
- Depression of trade, 172
- Deputy, 172
- Development expense, 172
- Dilapidation, 173
- Diplomatic privilege, 173
- Directories, cost of, 120
- Directors, 173
 - , commission to, 143
 - fees, 173
 - and secretary, 310
- Discount, 174
 - to publicans, 266
- Dismissal, damages for, 154
- Distrain, 140, 174
 - , illegal, 109
- Dividends, 175
 - owned by trader, 7, 8
 - from foreign company, 207
 - , interim, 256
- Docks, 176
- Domestic expenses, 176
- Domicile, 177
- Donations, 365
- Double assessment, 333
- Doubtful debts, 157
- Drainage, 177
- Draining plantation, 307
- Drains, 177
- Drawings, 6, 178
- Dwelling-houses, 178

- E, SCHEDULE, 349
- Early years of business, 17, 20
 - , loss in, 29
- Earned income, 36, 178
 - , examples, 39
 - pensions, 304
 - rates, 320
- Easter offerings, 135
- Embankments, allowance for, 179
 - , specimen allowance, 64
- Embezzlement, 180
- Emoluments, 180
- Employees, 180
 - , returns by, 47
 - , board and lodging, 118
 - , dismissal of, 154
 - residence, 182
 - , rent-free residence, 326
 - working abroad, 350
- Employers Liability Act, 182
- Employment, change of, 137
- Empty property, 127, 182
- End of business, 30, 107
- Engine, 183
 - included in annual value, 103
 - drivers, 183
- Entrance fees, 183
- Equity of lease, 184
- Errors in assessments, 110, 184
- Evidence at appeals, 106
- Examples of accounts, 7-15
 - assessments, 18-19
- Examples of assessments in early years, 20-21
 - after loss, 22-29
 - , business ceased, 30
 - , specific loss, 32
- Executors, 155
 - paying bank interest, 116
- Exemption to small incomes, 35, 184
 - , examples, 37
 - , repayment claim, 78
 - , married women, 239
 - to non-residents, 293
 - , penalties respecting claims, 303
 - and rent-free residence, 327
- Exhaustion of capital, 184
- Expenses, 189
 - , preliminary, 6, 308
 - , personal, 6, 305
 - , office, 296
- Experiments, 379
- Exploration, 190
- Extensions, 5
 - of business, 191
 - premises, 191

- FALSE return, 303
- Family expenses, 192
- Fares, 192
- Farmers, 193
- Farmhouses, 192, 225
- Farms, fruit, 225
- Fees, 195
 - , entrance, 183
 - , from and to companies, 195
- Fencing, 196
- Ferries, 196
- Feu duties, 315
- Finance Act, position before passing of, 160
- Financial companies, 196
 - year, 393
- Fines, 196
- Fire insurance, 197
- Firms, returns by, 50-57, 200
 - , how assessed, 197
 - , foreign, 206, 223
- Fisheries, 202
- Fixtures, 203
 - , alteration of, 97
 - included in annual value, 103
- Flats, 203
- Floods, loss by, 205
 - , penalty respecting claims, 303
- Flotation of company, 205
- Foreign, 205
 - debenture-holders, 156
 - concerns, 206, 207
 - firm, 206
 - income, 209
 - dividends of British company, 210,
 - securities, stocks, shares and rents 212, 216
 - ministers, 213
 - partners, 214
 - possessions, 215

- Foreign share and debenture-holders,
 216
 — taxes, 216
 — traders, 217
 — income, penalties respecting, 303
 — visitor, 335
 Foreigners, 205
 — taking part profits, 102
 Forest, clearing of, 173
 Foresters, order of, 224
 Forms of return, 108
 Forms 11 or 11A, 41
 —, specimen returns, 48
 — 185, 185A, 185b, 189, 189A, 189c,
 68-77
 Free of tax, annuities, 159
 —, dividends, 175
 Freight charges, 224
 Friendly societies, 225
 Fruit farms, 225
 Furniture, 226

 GARDENS, 226
 Gasworks, 227
 Gifts, 229
 Glass houses, 229
 Golf clubs, 229
 Good Templars, 230
 Goodwill written off, 6
 —, adjustment, 8
 Grants, 230
 Gratuities, 230
 Graziers, 231
 Ground rent, 132, 231
 — charged against profit, 68
 Guest, paying, 301

 HALLS, 232
 High Court appeals, 233
 Hire purchase, 235
 Holdings, small, 359
 Homes, charity, 235
 Horses, 236
 Hospitals, 132, 236
 Hotels, 237
 House Duty, see *Inhabited House Duty*
 Houses, assessments, on, 58
 —, repayment claim, 66
 —, rent free, 326
 Husband and wife, 237
 Hydropathic institutions, 240

 IMPLEMENTS, 240
 Improvements, 5, 241
 Income, 242
 —, statutory, 16, 89
 Income Tax Acts, 1
 — charged in account, 8
 — not a trade expense, 242
 —, rates of, 320
 Increase of capital, 127
 — salary, 243
 Indemnity, 243
 Industrial and Provident Societies,
 243

 Inhabited House Duty, 244
 —, specimen assessments,
 58-65
 —, boarding houses, 119
 —, flats, 204
 —, gardens, 226
 —, halls, 232
 —, public school, 317
 Injuries, damages for, 154
 Inner reserve funds, 245
 Inns, 245
 Insane persons, 245
 —, returns for, 47, 95
 Inscribed stock, 245
 Insolvency, 117
 Inspection of premises, 246
 Instalments being annuities, 103
 Insufficient deduction, 160
 Insurance, life, 36, 273
 —, examples of allowance, 40
 —, repayment claims, 79
 —, accident, 92
 —, fire, 197
 — commissions, 246
 — companies, 247
 — premiums, 247
 — allowance to non-residents, 293
 —, penalties *re* claims, 303
 — of property, 330
 Interest, 247
 — on capital, 6, 8, 255
 — account, 8
 —, annual, 98
 —, bankers', 99, 113
 —, building society, 99
 — on purchase money, 99
 — for indefinite period, 100
 — on judgment debt, 100
 — calls paid in advance, 125
 — mortgage, 132, 291
 —, contango, 146
 —, contingent, 147
 — secured on rates, 148
 —, debenture, 155
 — paid out of profits, 251
 — on reserve funds, 255
 —, omission to deduct tax, 296
 — paid in script, 353
 Interim dividends, 256
 Investment companies, 256
 Investments, 257
 —, depreciation of, 116
 —, realisation of, 116
 —, foreign, 210
 Ireland, appeals in, 106
 Iron works, 258
 Isle of Man, 258
 Issue of debentures, etc., 122

 JUDGMENT debt, interest on, 100

 LADDERS, 123
 Lakes, 258
 Land Tax, 259

Land Tax, allowance from assessments,
 Landlord, 260 [59-64
 Lands, 261
 —, assessments on, 58
 —, repayment claims, 66
 Law books, 120
 Lawyers, charges of, 262
 and see *Barristers and Solicitors*
 Lease, premium for, 6, 309
 —, equity of, 184
 —, production of, 262
 — as evidence, 262
 —, production refused, 303
 Legal income, 16, 89
 — and losses, 281
 — expenses, 263
 Liability to tax, 311
 Libraries, 263
 Licensed premises, 121, 264
 Licences, 273
 Life Insurance 273
 and see *Insurance*
 Lighting, 275
 Liquidation, 275
 Literary copyright, 277
 — institution, 132, 278
 Loans repaid, adjustment, 11
 —, lost, 279, and see under *Interest*
 and *Bank Interest*
 Local authorities, 148
 — rates, 320
 Locum tenens, 365
 Lodgers, 280
 London, 280
 Loss, 281
 — in new business, 17, 20, 29
 —, adjustment in case of, 22, 107
 —, specific cause of, 32, 107
 — of office, 145
 — in other concerns, 283
 Lunatics, returns for, 47, 95

MACHINERY, 283
 — included in annual value, 103
 —, depreciation of, 166
 Maintenance of family, 284
 — property, 284, 330
 Management of property, 330
 — foreign concern, 339
 Manager, 284
 — employed abroad, 91, 350
 Manor, 284
 Manse, 329
 Manufactures, 285
 Marine insurance, 285
 Mariners, 286, 336
 Market, 149, 287
 — garden, 286
 Married women, 237
 —, returns for and by, 47
 —, super-tax return, 85
 Meals, 142, 287
 Medical expenses, 287
 Metropolis, 280
 Milk dealers, 287

Minerals, 288
 Mines, 288
 —, exhaustion of, 188
 Ministers, 135
 Minors, 289
 —, returns for, 47
 Misdemeanor, 276
 Missionaries, 290
 Mistakes in assessment, 110
 Money lenders, 291
 Mortgage interest, 132, 291
 Motor carriage, 127
 Movable subjects in lease, 292
 Municipal corporations, 148
 — undertakings, 148
 — gas works, 228
 Musicians, 113
 Mutual benefit, 133
 — associations, 292

 New business, 20, 107, 292
 —, loss in, 20, 107
 — proprietor, 17
 — partner, 298
 Newspaper damages, 154
 Non-residence, 293
 Notice of assessment, 105, 109
 — requiring returns, 108
 Nurseries, 294

OBSOLESCENCE, 294
 Obstruction, penalty for, 303
 Occupier, 295
 —, beneficial, 329
 Office expenses, 296
 Officials, 296
 Omission to deduct tax, 159, 296
 Options, 297
 Owners, 297
 Oyster beds, 297

PAPER profits, 298
 Partners, 298
 —, retired, 6
 —, returns by, 46, 50-57, 200
 —, how assessed, 197
 —, foreign, 204
 Partnership, deed of, 6
 Patents, 300
 Paving charges, 301
 Paying guest, 301
 Payment as part of trading, 219
 — of tax, 302
 Penalties, 302
 Pensions, 304
 Perjury, 303
 Perquisites, 304
 Personal expenses, 6, 164, 305
 Pick-axes, 126
 Pit sinking, 288
 Place of assessment, 110
 Plant, depreciation of, 166
 Plantation, 305
 Ponds, 258
 Poor Rate, 320

- Post Office Savings Bank interest, 341
 Potential occupier, 329
 Preliminary expenses, 6, 308
 Premises, 309
 —, annual value including fixtures, 102
 —, business, 124
 —, extension of, 191
 —, inspection of, 246
 Premiums, 310
 — for lease, 6, 309
 —, life insurance, 36, 40
 Printers, 310
 Private secretary, 310
 Proceedings for penalty, 304
 Profession, 310
 Profit, 311
 —, foreigners taking share, 102
 —, casual, 128
 —, paper, 298
 —, promotion, 315
 —, racing, 318
 —, to have pecuniary value, 328
 —, stud, 364
 —, underwriting, 388
 Promotion profits, 315
 Property, 317
 —, assessments on, 58
 —, repayment claim, 366
 —, maintenance of, 284
 Proprietorship, change of, 17, 130
 Prospecting, cost of, 317
 Prospectus, 315
 Protection (Trade) Association, 317
 Provisional deduction, 160
 Public-houses, 264, and see under *Licensed Premises*
 — bodies, 317
 — schools, 133, 317
 — notices, 339
 Purchase, hire, 235

QUARRIES, 318
 Quit Rent, 318

RACING profits, 318
 Rack-rent, 319
 Railways, 319
 Rateable value, inclusion of fixtures, 102
 Rates of income and super-tax, 320
 — deductions from charges, 101
 —, interest secured on, 148
 —, local, 320
 Realisation of investments, 323
 Receipts, 323
 —, production of (repayment), 66
 Recurring expenses, 306
 Redemption of land tax, 259
 Relief to earned income, 324
 — unearned income, 359
 Religious bodies, 324
 Remittances from abroad, 211
 — foreign trustees, 212
 Removal, leaving tax due, 140
 — of business, 324

 Renewals, 325
 — of implements, 240
 Rent, 212, 325
 —, quit, 318
 —, omission to deduct tax, 296
 — charges, 326
 — -free residence, 326
 Repairs, allowance for, 330
 —, specimen allowances, 58-64
 — of trade premises, 124
 Repayment claims, 66, 333
 —, time limits, 66
 —, production of vouchers, 66
 —, trades, employments, etc., 66
 —, lands, houses, etc., 66
 —, ground rents, interest, etc., 67
 —, dividends, 67
 —, claims, bearer securities, 69, 71
 —, inscribed stock, 71
 —, joint holdings, 75
 —, vouchers in other name, 77
 —, by whom made, 77
 —, exemption, abatement and earned income, 78
 —, life insurance, 79
 —, maintenance of property, 79
 —, children's allowance, 80
 —, bank interest, 80, 114
 —, residents abroad, 80
 Replacement of implements, 240
 Residence here or abroad, 335
 — on trade premises, 124
 —, rent-free, 326
 Reserve funds, 6, 7, 335
 — for bad debts, 158
 — fund, interest on, 255
 Retired partner, 6
 Returns, 339
 — of total income, 35, 44
 —, general directions, 41
 —, partners' 46
 —, employees' 47
 —, by whom made, 47
 —, specimen, 48-57
 —, notice requiring, 108
 —, service of forms, 108
 —, penalties, respecting, 302
 — by secretaries, 354
 Risks, unexpired, 389
 Road-making, 307, 340
 Ropes, 123
 Royalties, 340
 —, mining, 289
 —, patent, 300
 Rubber plantations, 305
 Rules for adjustment, 5

SAILORS, 336
 Salary to proprietor, 8
 — wife, 10
 —, increase of, 243
 Salt springs and works, 340
 Savings Bank interest, 341
 Scaffolding, 123, 341

Schedule A, 341, 345
 —, specimen assessments, 58-65
 — B, 341, 345
 —, specimen assessments, 58-65
 — C, 346
 — D, 347
 —, adjustment of accounts, 5
 —, average system, 16 [20
 —, exceptions to average system,
 —, new business, 20, 21
 —, business ceased, 30
 —, loss, 22, 28
 —, specific cause of loss, 32
 —, returns, 41
 —, specimen returns and assess-
 ments, 48-57
 Schedule E, 349
 Schedules of assessment, 341
 Schools, 352
 Scientific institutions, 132, 352
 Scrip, interest paid in, 353
 Seafarers, 353
 Sea-walls, 353
 Season ticket, 353
 Secretaries, 354
 —, private, 310
 Securities, 356
 —, foreign, 212
 Security by collectors, 141
 Servants, 356
 Sewerage, municipal, 149
 Sewers, 356
 Shaft sinking, 288
 Shafting, included in annual value, 103
 Shareholders, 356
 Shares, issue of, 122
 —, foreign, 212
 —, payment in, 298
 Ships, 357
 —, depreciation of, 168
 Shooting rights, see *Sporting Rights*
 — season, 337
 Sick clubs, 358
 Singers, foreign, 335
 Sinking fund, 358
 Slate clubs, 359
 Sleeping partner, 359
 Small holding, 359
 Societies, 359
 —, returns for, 47
 Solicitors at appeals, 92
 Special commissioners, 360
 —, appeals to, 107, 360
 —, assessments by, 360
 Specific cause of loss, 32, 107, 360
 —, mines, 288
 Specimen accounts, 7-15
 — returns, 48-57
 — repayment claims, 66-80
 — super-tax return, 84
 Sperm, 297
 Spinster, 363
 —, returns by, 47
 Sporting rights, 363
 —, specimen assessment, 60

Sports clubs and grounds, 363
 Stationery, 364
 Statutory income, 16, 89
 Steamers, 364
 —, tramp, 366
 Step-children, 134
 Stock, cum- and ex-dividend, 153
 —, foreign, 212
 — broker and jobber, 364
 — Exchange fees, 364
 Stock-taking, 364
 Stud profits, 364
 Subscriptions, 365
 Substitute, 365
 Sub-tenants, 7
 Succession to business, 366
 Superannuation, 369
 Super-tax, general directions, 81
 — 370
 —, examples, 81-85
 — return, 84
 — rates, 320
 Supply Association, 371
 Sureties, 371
 Suspense account, 6, 7, 371
 Syndicates, 372

TAXATION, foreign, 217
 Teacher, servant employed by, 356
 Tenants, 375
 — of trader, 7, 10, 11
 Tempest, loss by, 205, 375
 Templars, Good, 230
 Temporary buildings, 308
 Tenements, 376
 Theft, 376
 Tickets, 126
 Tied houses, 121, 267, 376
 Timber lands, 376
 Time limit for repayment, 66
 Tithes, 376
 —, specimen assessments, 62-64
 Tolls, 376
 Tools, 240
 Trade, what constitutes, 380
 — premises, 124
 — by syndicate, 372
 — associations, 377
 — depression, 379
 — Union, 379
 Tramp steamer, 366
 Transfer fees, 196
 Travellers, commercial, 142
 Travelling expenses, 386
 Treating, 142
 Treble rate charged, 106
 Tropics, machinery in, 308
 Trustees, 387
 —, returns by, 95
 —, remittances from foreign, 212
 — for minor, 290
 — debenture-holders, 387
 Tutor, returns by, 95
 Type, 310
 Typewriter, 388

- UNCERTAIN annual value, 313
 Underwriters, 388
 Underwriting, cost of, 388
 — profits, 388
 — account, 389
 Unearned income, 389
 — —, rates on, 320
 — premiums, 389
 Unemployment, 389
 Unexpired risks, 389
 Unfinished contracts, 123
 — transaction, 315
 Unfurnished apartments, 390
 Universities, 390
 Utensils, 240

 VALUATION of property on appeal, 106
 Vocations, 390
 Voting disqualification, 139
 Vouchers, production of (repayment),
 66

 WAGES, 390
 Waggon, 390
 Wasting assets, 390
 Waterworks, 391
 Weeding, 307
 Wear and tear, 391
 Wesleyan ministers, 135
 Widows, 390
 —, returns by, 47
 Wife, 392
 and see *Married Women*
 Winding-up, 392
 Windows, 392
 Women, married, 237
 Woodlands, 392
 Workmen's Compensation Act, 92, 392
 — clubs, 139

 YEAR, 393
 — of assessment, 16
 Yearly interest, 98

THE END

Pitman's Business Handbooks

A Selected List of Practical Guides for
Business Men and Advanced Students

CONTENTS

PAGE	PAGE
ADVERTISING AS A BUSINESS FORCE	15
ADS AND SALES	15
ACCOUNTS OF EXECUTORS	10
ACCOUNTANCY	9
AUDITING, ACCOUNTING, AND BANKING	6
BALANCE SHEETS	7
BANK ORGANISATION, MANAGEMENT AND ACCOUNTS	5
BANKRUPTCY AND BILLS OF SALE	10
BILLS, CHEQUES, AND NOTES	7
BOOK-KEEPING, DICTIONARY OF	9
BUSINESS MAN'S GUIDE	3
CARRIAGE, LAW OF	12
CHAIRMAN'S MANUAL	4
"COLE" CODE DICTIONARY	16
COLLIERY OFFICE ORGANISATION	6
COMPANY ACCOUNTS	9
COMMERCIAL ENCYCLOPÆDIA	2
COMPANIES AND COMPANY LAW	12
CONSULAR REQUIREMENTS	14
COST ACCOUNTS	9
COUNTING HOUSE AND FACTORY ORGANISATION	4
DICTIONARY, ENGLISH-FRENCH	14
DICTIONARY, ENGLISH-GERMAN	14
DICTIONARY OF BANKING	6
DICTIONARY OF COMMERCIAL CORRESPONDENCE	14
DICTIONARY, PORTUGUESE AND ENGLISH	13
DICTIONARY (ABRIDGED), PORTUGUESE AND ENGLISH	14
DICTIONARY OF SECRETARIAL LAW	8
DICTIONARY OF THE WORLD'S COMMERCIAL PRODUCTS	13
DRAPERY BUSINESS ORGANISATION	5
ECONOMICS FOR BUSINESS MEN	16
FARM ACCOUNTS	10
FARM LAW	12
GROCERY BUSINESS ORGANISATION	5
GOLD MINE ACCOUNTS	9
GUIDE FOR THE COMPANY SECRETARY	7
GUIDE TO BUSINESS CUSTOMS	13
HANDBOOK OF LOCAL GOVERNMENT LAW	11
HOUSEHOLD LAW	12
HOW TO TAKE MINUTES	8
INCOME TAX LAW	12
INSURANCE	4
INSURANCE OFFICE ORGANISATION, ETC.	4
LAW RELATING TO SECRET COMMISSIONS, ETC.	12
LAW OF EVIDENCE	13
LAW OF REPAIRS	13
LICENSING, GUIDE TO THE LAW OF	11
LECTURES ON BRITISH COMMERCE	3
LOCAL GOVERNMENT CASE LAW	11
MANUFACTURING BOOK-KEEPING AND COSTS	9
MARINE LAW	11
MECHANICAL TRACTION, LAW OF	10
MERCANTILE LAW	11
MONEY, EXCHANGE, AND BANKING	6
OFFICE ORGANISATION	4
OUTLINES OF THE ECONOMIC HISTORY OF ENGLAND	16
PERSONAL ACCOUNTS	10
PRINCIPLES OF PRACTICAL PUBLICITY	15
PRACTICAL BANKING	7
PRACTICAL SALESMANSHIP	15
PROSPECTUSES	7
PUBLIC MAN'S GUIDE	3
PSYCHOLOGY OF ADVERTISING	15
RAILWAY REBATES CASE LAW	11
SECRETARY'S HANDBOOK	7
SHIPPING OFFICE ORGANISATION, ETC.	5
SOLICITOR'S OFFICE ORGANISATION, ETC.	5
STOCK EXCHANGE	10
STOCK-BROKER'S OFFICE ORGANISATION	6
SYSTEMATIC INDEXING	16
TELEGRAPH CIPHERS	16
TRAMWAY RATING VALUATIONS	16
TRANSFER OF STOCKS AND SHARES	8
THEORY AND PRACTICE OF ADVERTISING	15
THEORY AND PRACTICE OF COMMERCE	13
WORLD'S COMMERCIAL PRODUCTS	13

LONDON

SIR ISAAC PITMAN & SONS, LTD., 1 AMEN CORNER, E.C.
BATH, NEW YORK AND MELBOURNE

**Pitman's Complete List of Commercial Books post free
on application**

PITMAN'S COMMERCIAL ENCYCLOPÆDIA AND DICTIONARY OF BUSINESS.

A reliable and comprehensive work of reference on all commercial subjects, specially designed and written for the busy merchant, the commercial student, and the modern man of affairs. Edited by J. A. SLATER, B.A., LL.B. (Lond.). *Of the Middle Temple and North-Eastern Circuit, Barrister-at-Law.* Author of "Mercantile Law," "Commercial Law," etc., etc. Assisted by upwards of 50 specialists as contributors, including: W. Valentine Ball, M.A.; James O. Cheetham, B.Com.; Sidney W. Clarke; Arthur Coles, A.C.I.S.; A. C. Connell, LL.B. (Lond.); Emil Davies; Frank Dowler; J. Alfred Eke; J. B. Eland; R. A. Fletcher; A. J. Lawford Jones; G. H. Knott, M.A.; Samuel Moses, M.A.; W. Nicklin, A.S.A.A.; E. Martin, F.C.I.S.; E. J. Orford, F.R.G.S.; Gurdon Palin; H. W. Porritt; Harold Roberts, LL.B. (Lond.); W. P. Rutter, M.Com.; W. Courtney Sandford, B.A.; J. A. Slater, B.A., LL.B. (Lond.); W. E. Snelling; W. H. Spurr, A.C.I.S.; J. E. R. Stephens, B.A.; J. Wells Thatcher; P. Tovey, F.C.I.S.; A. R. Webb, A.S.A.A., A.C.A.; W. Jayne Weston, M.A., B.Sc. (Lond.). With numerous maps, illustrations, facsimile business forms and legal documents, diagrams, etc. In 4 vols., large crown 4to, (each 450 pp.) cloth gilt, £1 10s. net. Half-leather gilt, £2 2s. net.

"We have found it of an extremely interesting nature, and can strongly recommend it to all wishing to keep thoroughly up to date in commercial and business life. The high standard which Messrs. Pitman have attained in previous volumes published by them is fully sustained in the *Commercial Encyclopædia*, a strong feature of which is the extremely low price fixed for what may be regarded as a very important work of reference."—*The Statist*.

"Providing, within adequate limits, full and accurate information upon every subject which can be legitimately claimed to fall within the scope of business life, this new work must appeal with peculiar force to all classes of the commercial community . . . should prove a more valuable possession to the business man than half-a-dozen dead languages and all the book-lore of 3,000 years."—*The Standard*.

"The work is entirely reliable."—*The Joint Stock Companies' Journal*.

"Every business man who would be abreast of the times should add this to his bookshelves."—*The Capitalist*.

"The compilation is most carefully done, and it is safe to say that no man who is interested in business affairs can afford to be without this work."—*The Review of Reviews*.

"The magnificent and most useful *Commercial Encyclopædia* . . . the business man will have an authoritative guide to practically every question that concerns his enterprise; while for the encouragement and training of his office and warehouse staffs, the work can be highly recommended."—*The Commercial Review*.

PITMAN'S BUSINESS MAN'S GUIDE. Sixth Revised Edition. With French, German, and Spanish equivalents for the Commercial Words and Terms. Edited by J. A. SLATER, B.A., LL.B. (Lond.), of the Middle Temple, Barrister-at-Law, and author of "The Commercial Law of England." The "Business Man's Guide" is a volume of handy size, designed to be of permanent usefulness in the office of the merchant, the banker, the broker, and the trader, and to all members of the staff from the manager, secretary, or cashier, to clerks of all kinds. The information is of such a character as will assist a business man in an emergency, and will clear up doubts and difficulties of every-day occurrence. The work includes over 2,000 articles. In crown 8vo, in cloth cover of special design, 540 pp. 3s. 6d. net.

"An admirable specimen of the new type of business instruction book. In nearly 500 closely printed pages, with subjects arranged alphabetically, it packs away a great amount of information of the kind frequently required and not easily obtained by business men of many kinds. The fulness of the technical phraseology, with foreign equivalents, is one of the best features of the book. One may search any ordinary dictionary in vain for explanations of such phrases as 'bottomry bond,' 'hypothec,' 'quintal,' or 'fittage.' The summarised information of trade customs, of foreign practice, and of commercial law, is given with great lucidity. Altogether it is a book that can be heartily recommended."—*Daily Mail*.

PITMAN'S PUBLIC MAN'S GUIDE. A Handbook for all who take an interest in questions of the day. Edited by J. A. SLATER, B.A., LL.B. (Lond.). The object of this book is to enable its readers to find within a comparatively compact compass information on any subject which can possibly bear upon matters political, diplomatic, municipal, or imperial. In crown 8vo, 444 pp., cloth gilt, 3s. 6d. net.

"Comprehensive and concise are the two adjectives which best describe the 'Public Man's Guide,' to which might be added indispensable."—*Westminster Gazette*.

"Such a volume as this, giving a great mass of carefully selected and condensed information on a wide range of subjects, is exactly what is needed. The volume is, in fact, a miniature encyclopædia, not for the student, but for most general readers—one might say for 'the man in the street.'"—*Glasgow Evening News*.

LECTURES ON BRITISH COMMERCE, including Finance, Insurance, Business and Industry. By the Rt. Hon. FREDERICK HUTH JACKSON, G. ARMITAGE-SMITH, M.A., D.Litt., ROBERT BRUCE, C.B., DOUGLAS OWEN, W. E. BARLING, J. J. BISGOOD, B.A., ALLAN GREENWELL, F.G.S., JAMES GRAHAM. With a Preface by the Hon. W. PEMBER REEVES. In demy 8vo, cloth gilt, 295 pp., 7s. 6d. net.

CONTENTS.—The Bank of England—The British System of Taxation—The London Postal Service—London as a Port—The Machinery of Marine Insurance—British Shipping—Fire Assurance, Life Assurance—Industrial Life Assurance, Personal Accident and Sickness Insurance, Workmen's Compensation Assurance, Motor-Car Insurance, Burglary Assurance, etc.—The Economic Position of the Coal Industry of the United Kingdom—The Woollen Industry.

THE CHAIRMAN'S MANUAL. Being a guide to the management of meetings in general, and of meetings of local authorities, with separate and complete treatment of the meetings of public companies. By GURDON PALIN, of Gray's Inn, Barrister-at-Law, and ERNEST MARTIN, F.C.I.S. In crown 8vo, cloth gilt, 192 pp., 2s. 6d. net.

"We only wish that it were a *sine quâ non* that no chairman should be allowed to occupy that position unless he could show that he had carefully perused this little book. We strongly urge all our readers to obtain a copy."—*Accountant's Journal*.

INSURANCE. A Practical Exposition for the Student and Business Man. By T. E. YOUNG, B.A., F.R.A.S., ex-President of the Institute of Actuaries. Second Edition, Revised. In demy 8vo, cloth gilt, 408 pp. 5s. net.

"It is enough to say of the second edition of this well-known work that it retains all the valuable features of the first edition, and includes additional information of an important character. In particular the chapters upon fire, marine, and accident insurance have, on the invitation of Mr. Young, had the advantage of revision and approval by several well-known experts in these departments. We can cordially commend this work to all students of insurance."—*Local Government Journal*.

INSURANCE OFFICE ORGANISATION, MANAGEMENT, AND ACCOUNTS. By T. E. YOUNG, B.A., F.R.A.S., and RICHARD MASTERS, A.C.A. Second Edition, Revised. In demy 8vo, cloth gilt, 150 pp., 3s. 6d. net.

"The need of a suitable text-book, dealing in a clear and comprehensive manner with the various aspects of life assurance both from the theoretical and the practical standpoint, has probably been felt by every student of this great branch of finance. A text-book admirably adapted to supply this want has now been prepared by Mr. T. E. Young. His long and varied experience as a practical manager and actuary, and his intimate associations for years with actuarial students have rendered him eminently qualified for undertaking such a work."—*The Insurance and Finance Chronicle*.

OFFICE ORGANISATION AND MANAGEMENT. Including Secretarial Work. By LAWRENCE R. DICKSEE, M.Com., F.C.A., and H. E. BLAIN, Tramways Manager, County Borough of West Ham. In demy 8vo, cloth gilt, 306 pp., 5s. net.

"We have scarcely ever seen an office manual so complete and reliable as this one. The chapters on office management are compact with useful information, the ripe fruit of experience."—*Manchester City News*.

"An enormous amount of useful information is comprised in the 300 pages of which the work consists."—*Accountant*.

COUNTING HOUSE AND FACTORY ORGANISATION. A Practical Manual of Modern Methods applied to the Counting House and Factory. By J. GILMOUR WILLIAMSON, *Holder of Business Diploma of the Heriot-Watt College, Edinburgh, etc.* In demy 8vo, cloth gilt, 182 pp., 5s. net.

"The volume deals exhaustively with the subject from all aspects, in some seventeen chapters, and discusses the work of the various departments of a business house from a practical standpoint. Theories are rightly eschewed. The work will undoubtedly receive a welcome from manufacturers who are aiming at efficiency, and who are anxious to inaugurate system or reorganise on reliable and tried lines, and there are doubtless not a few who are on the look out for a comprehensive volume containing practical hints."—*Hardware Trade Journal*.

SHIPPING OFFICE ORGANISATION, MANAGEMENT, AND ACCOUNTS. A comprehensive Guide to the innumerable details connected with the Shipping Trade. By ALFRED CALVERT. In demy 8vo, cloth gilt, 203 pp., with numerous forms, 5s. net.

"This is the most practical handbook on the subject that we have seen. It is in the presentation line by line, in any part of the book, of the subject-matter treated, that the author shows his complete and intimate knowledge of the practice of the shipping trade. There is nothing dead or too theoretic about Mr. Calvert's book, and his method of explanation is eminently clear and forcible. We can confidently recommend the work. The book fully answers and makes good its title."—*Manchester Guardian*.

SOLICITOR'S OFFICE ORGANISATION, MANAGEMENT, AND ACCOUNTS. By E. A. COPE and H. W. H. ROBINS. In demy 8vo, cloth gilt, with numerous forms, 5s. net.

"The volume is rendered complete by the publication of numerous forms and diagrams, and the authors are to be congratulated on the thoroughness with which they have performed their task. We have no doubt whatever that the book will be extremely useful to the parties for whom it is intended."—*Birmingham Chamber of Commerce Journal*.

GROCERY BUSINESS ORGANISATION AND MANAGEMENT.

By C. L. T. BEECHING, *Organising Secretary of the Institute of Certificated Grocers*. With Chapters on Buying a Business, Grocers' Office Work and Book-keeping, and a Model set of Grocers' Accounts. By J. ARTHUR SMART. In demy 8vo, cloth gilt, about 160 pp., with illustrations, 5s. net.

"The authors can speak with authority of the things of which they write, and they give us of their best. The book has twenty chapters, the topics of which extend from 'buying a business' to 'trading results.' Mr. Smart deals fully with the grocer's office work and book-keeping, and gives an admirable set of grocer's accounts . . . the work is well done throughout . . . it will be read with profit and pleasure."—*Grocer*.

DRAPERY BUSINESS ORGANISATION AND MANAGEMENT.

By J. ERNEST BAYLEY. In demy 8vo, cloth gilt, 300 pp., 5s. net.

"The author has evidently spared no pains to make his work interesting, and in this he has so well succeeded that it can be read with advantage by both beginners and experts in the dry goods trade."—*Financial Times*.

BANK ORGANISATION, MANAGEMENT, AND ACCOUNTS. By

J. F. DAVIS, D.Lit., M.A., LL.B. (Lond.). Lecturer in Banking and Finance at the City of London College. In demy 8vo, cloth gilt, with forms, 5s. net.

"It is concisely and clearly written, and the many examples of rulings of books and specimens of vouchers and forms in use form admirable illustrations to the text. The work should fulfil a useful purpose in providing the general survey of banking which has hitherto been lacking."—*Financial Times*.

STOCKBROKER'S OFFICE ORGANISATION, MANAGEMENT AND ACCOUNTS. By JULIUS E. DAY, Manager to an Inside Firm of Stockbrokers on the London Stock Exchange. In demy 8vo, cloth gilt, 243 pp., 7s. 6d. net.

"Without doubt there is a distinct need for this book, for it deals lucidly with many puzzling points of interest to the investor . . . The author is to be congratulated upon his achievement in grappling so successfully with a difficult task, for the book will prove an asset of considerable value to the beginner, and a work of undeniable interest to 'The man in Throgmorton Street.'"—*Joint Stock Companies' Journal*.

COLLIERY OFFICE ORGANISATION AND ACCOUNTS. By J. W. INNES, F.C.A. (Swithinbank Innes & Co., Chartered Accountants), and T. COLIN CAMPBELL, F.C.I., for many years Managing Clerk to a large Colliery Company, and now a principal Book-keeper at one of the largest Collieries in England. In demy 8vo, cloth gilt. 5s. net.

"This is a very useful book. It provides a manual for officials in a colliery office as well as affording many hints to those engaged as merchants and factors in the merchanting and distribution of coal. The work is certainly one which should find a place on the bookshelves of all those who are engaged in colliery working. The present work is an attempt to deal with the subject by practical men, who are fully conversant with the subject on which they write."—*Iron and Coal Trades Review*.

MONEY, EXCHANGE, AND BANKING, in their Practical, Theoretical, and Legal Aspects. A complete Manual for Bank Officials, Business Men, and Students of Commerce. By H. T. EASTON, of the Union of London and Smith's Bank, Ltd., Associate of the Institute of Bankers. Second Edition, Revised. In demy 8vo, cloth gilt, 312 pp., 5s. net.

"Mr. Easton's book can be commended to every one desiring guidance and instruction in the mysteries of money and exchange, and the theory and practice of banking."—*Truth*.

DICTIONARY OF BANKING. A Complete Encyclopædia of Banking Law and Practice. By W. THOMSON, Bank Inspector. In crown 4to, half-leather gilt, 563 pp., 21s. net.

"Since the publication some years ago of Sir Inglis Palgrave's famous 'Dictionary of Political Economy' we have been favoured with no work of reference so useful to bankers as the one which has just been compiled by Mr. Thomson. Mr. Thomson has succeeded in his object of compiling a work which shall be of use both to the banking student and to the practical banker who requires information in a hurry."—*Bankers' Magazine*.

AUDITING, ACCOUNTING AND BANKING. By FRANK DOWLER, A.C.A., and E. MARDINOR HARRIS, Associate of the Institute of Bankers. In demy 8vo, cloth gilt, 328 pp., 5s. net.

"An authoritative book of real practical value. Diagrams, figures and explanations make the auditing part quite clear. Also the author has referred where, necessary, to legal cases. The banking section is lucid and practical, being far clearer than in books which one remembers having studied. It should be in every business or banking library, and would be helpful as a text-book for examinations."—*T.P.'s Weekly*.

PRACTICAL BANKING. Including Currency. A Guide to Modern Banking Practice and the Principles of Currency. By J. F. G. BAGSHAW, Associate of the Institute of Bankers, and C. F. HANNAFORD, Associate of the Institute of Bankers, Examiner in Banking and Currency to the London Chamber of Commerce. In demy 8vo, cloth gilt, 333 pp. 5s. net.

"This work is intended as a guide to modern banking practice and the principles of currency, and should be of great value to students of banking affairs. At the same time the information supplied is so well arranged that the book will prove of great service to bank officials for matters of reference. Owing to its wide scope, this book is especially useful to those in banking offices who are in the early years of their career."—*Bankers' Magazine*.

PITMAN'S BILLS, CHEQUES, AND NOTES. A Handbook for Business Men and Lawyers. Together with the Bills of Exchange Act, 1882, and the Bills of Exchange (Crossed Cheques) Act, 1906. By J. A. SLATER, B.A. LL.B. (Lond.), Barrister-at-Law. In demy 8vo, cloth gilt, 206 pp., 2s. 6d. net.

PITMAN'S GUIDE FOR THE COMPANY SECRETARY. A Practical Manual and Work of Reference with regard to the Duties of a Secretary to a Joint Stock Company. By ARTHUR COLES, A.C.I.S. With Introduction by HERBERT E. BLAIN. In demy 8vo, cloth gilt, 344 pp., with 54 facsimile forms, 5s. net.

"The title is sufficiently explanatory of the contents, but the book constitutes a manual for reference by secretaries of joint stock companies. The work seems to include every branch of secretarial duty, and to be excellently well done."—*Money Market Review*.

COMPANY ACCOUNTS. By the same Author. (See page 9.)

THE COMPANY SECRETARY'S VADE MECUM. A Manual of information on matters relating to Limited Liability Companies, for Directors, Secretaries, etc. In foolscap 8vo, cloth, 1s. 6d. net.

PITMAN'S SECRETARY'S HANDBOOK. A Practical Guide to the Work and Duties in connection with the Position of Secretary to a Member of Parliament, a Country Gentleman with a landed estate, a Charitable Institution, with a section devoted to the work of a Lady Secretary and a chapter dealing with Secretarial work in general. Edited by H. E. BLAIN. In demy 8vo, cloth gilt, 168 pp., 3s. 6d. net.

BALANCE SHEETS. How to Read and Understand Them. A Complete Guide for Investors, Business Men, Commercial Students, etc. By PHILIP TOVEY, F.C.I.S. With 26 inset balance sheets. In foolscap 8vo, cloth, 1s. net.

PROSPECTUSES: HOW TO READ AND UNDERSTAND THEM. By the same Author. In demy 8vo, cloth gilt, 1s. 6d. net.

PITMAN'S DICTIONARY OF SECRETARIAL LAW AND PRACTICE. A Comprehensive Encyclopædia of Information and Direction on all matters connected with the work of a Company Secretary. Fully illustrated with the necessary forms and documents. With Sections on special branches of Secretarial Work. Edited by PHILIP TOVEY, F.C.I.S. With contributions by nearly 40 eminent authorities on Company Law and Secretarial Practice, including : G. N. Barnes, M.P. ; F. Gore-Browne, K.C., M.A. ; A. Crew, F.C.I.S. ; J. P. Earnshaw, F.C.I.S. ; M. Webster Jenkinson, F.C.A. ; F. W. Pixley, F.C.A. In one handsome volume, half leather gilt, gilt top, 774 pp., 25s. net.

This work makes a very wide appeal. It explains in detail the duties and liabilities of a Secretary from the inception of a Company until the completion of its winding up, should such a course be necessary. Each stage in the history of a Limited Company, whether it be private or public, is fully dealt with ; every important decision in Company Law has been embodied in the text ; and for the benefit of the close student a synopsis of the leading cases is given in a large number of instances. Promoters and Directors will find in the pages of this work much valuable and interesting information. Careful and accurate expositions of their legal position are given, and their duties and liabilities are fully defined. Accountants, Financiers, Shareholders, Managers, and Students of Commerce, and, indeed, all who are directly or indirectly interested in Limited Companies, may consult the Dictionary with confidence on all matters appertaining to Company Law and Administration. Other important branches of the profession have not been overlooked ; and adequate treatment has been given to the duties and responsibilities of Private Secretaries, Lady Secretaries, Secretaries to Trade Unions, and other organisations.

THE TRANSFER OF STOCKS, SHARES, AND OTHER MARKETABLE SECURITIES. A manual of the law and practice. By F. D. HEAD, B.A. (Oxon). *Late Classical Exhibitioner of Queen's College, of Lincoln's Inn, Barrister-at-Law.* Second edition, revised and enlarged. In demy 8vo, cloth gilt, 220 pp., 5s. net.

"The practising secretary is to be congratulated on the addition to his working library of this excellent text-book on one of the most complicated and difficult subjects with which he has to deal. Admirable alike in design and execution, this exposition of the law and the practice relating to the transfer of securities in joint stock companies is a complete and reliable handbook on transfers, to which the secretary may turn with confidence in the expectation of finding all the difficulties of the subject dealt with, and not slurred over in the far too usual manner."—*The Secretary*.

HOW TO TAKE MINUTES. Being a Reliable Guide to the best method of noting and recording the Minutes of a Business Meeting. With Table A of the Companies (Consolidation) Act, 1908. In demy 8vo, cloth, 80 pp., 1s. 6d. net.

"The author has endeavoured to place the reader in possession of information which will enable him to take and record minutes in a methodical and businesslike manner."—*Joint Stock Companies' Journal*.

PITMAN'S DICTIONARY OF BOOK-KEEPING. An entirely new and unique work for teachers, students and practitioners providing in dictionary form information and guidance upon any point in Book-keeping and Accountancy. By R. J. PORTERS, Book-keeping Master at Pitman's School. In demy 8vo, cloth gilt, with many facsimiles, 780 pp., 5s. net.

UNSOLICITED TESTIMONIAL.

Mr. T. G. S., of W. Hampstead, writes :—"During my studies for the public book-keeping examinations of 1913, and also for the examinations of the London Association of Accountants, I found your *Dictionary of Book-keeping* my best friend. . . . It contains so much useful information and is so easy for reference that I strongly recommend its use to any person studying for similar examinations. . . . The following results obtained by the help of your Dictionary are sufficient testimony as to the merits of the book :—N.U.T. Book-keeping and Accountancy, Advanced, First Class; R.S.A. Book-keeping, Advanced, First Class; L.C.C. Book-keeping and Accountancy, Teachers' Diploma; Intermediate and Final Examinations of the London Association of Accountants."

MANUFACTURING BOOK-KEEPING AND COSTS. By GEORGE JOHNSON, F.C.I.S. In demy 8vo, cloth gilt, 120 pp., 3s. 6d. net.

"This is a very valuable and practical work on the accounts and books that a manufacturing establishment should keep . . . The book is a very useful one . . . we trust that it will receive a hearty and practical welcome."—*Commercial Review*.

ACCOUNTANCY. By F. W. PIXLEY, F.C.A., of the Middle Temple, Barrister-at-Law, Ex-President of the Institute of Chartered Accountants. In demy 8vo, cloth gilt, 318 pp., 5s. net.

"The work constitutes a very successful attempt to treat accountancy on a scientific basis. The author gives valuable advice on the construction of books and statements of account. The work is of a practical nature, and should be of the greatest value and assistance to intending practitioners."—*Money Market Review*. "A careful, practical treatise."—*Times*.

COST ACCOUNTS in Principle and Practice. By A. CLIFFORD RIDGWAY, A.C.A. In demy 8vo, cloth gilt, with 40 specially prepared forms, 3s. 6d. net.

"This treatise deals exhaustively with its subject, and discusses the questions involved from the point of view both of principle and practice. Manufacturers especially should find it of great service."—*Financial Times*.

COMPANY ACCOUNTS. By ARTHUR COLES, A.C.I.S. With a Preface by CHARLES COMINS, F.C.A. In demy 8vo, cloth gilt, 320 pp., 5s. net.

"We think Mr. Coles' book is one which will find favour both with practitioners and students. Its clearness and conciseness are commendable, and the author's experience has enabled him to deal with company accounts from a practical as well as a theoretical point of view."—*Accountant*.

GOLD MINE ACCOUNTS AND COSTING. A Practical Manual for Officials, Accountants, Book-keepers, etc. By G. W. TAIT (of the South African staff of a leading group of mines). In demy 8vo, cloth gilt, 93 pp., 5s. net.

"The author of this book has had many years' practical experience in account keeping on the mines in South Africa, and the method he sets out will be found of considerable use to those keeping accounts of mines of all classes and in all parts of the world."—*Capitalist*.

THE ACCOUNTS OF EXECUTORS, ADMINISTRATORS AND TRUSTEES. With a Summary of the Law in so far as it relates to Accounts. By WILLIAM B. PHILLIPS, A.C.A. (Hons. Inter. and Final), A.C.I.S., formerly Lecturer on the subject to the Manchester Evening School of Commerce, and the Manchester Chartered Accountants' Students' Society. In demy 8vo, cloth gilt, 3s. 6d. net.

"The book is very readable, and contains much that is helpful. Those called upon to act as executors, particularly those dealing with estates under English jurisdiction, will find their duties set out very clearly. The accountant, though reading much therein that is familiar, will find the work of considerable utility, containing as it does, some very useful scales and forms relating to Estate and Succession duty, etc. The various illustrations are clearly set out, and will also be found helpful both to the practitioner and the student."—*Accountants' Magazine*.

PERSONAL ACCOUNTS. By W. G. DOWSLEY, B.A., Lecturer in Book-keeping on the Modern Side, St. Andrew's College, Grahamstown. Size 15½ in. × 9½ in., half-leather, 106 pp., with interleaved blotting-paper, 6s. 6d. net.

FARM ACCOUNTS. By the same Author. Size 15½ in. by 9½ in., half leather, 106 pp., interleaved blotting-paper. 6s. 6d. net.

THE HISTORY, LAW, AND PRACTICE OF THE STOCK EXCHANGE. By A. P. POLEY, B.A., of the Inner Temple and Midland Circuit, Barrister-at-Law; and F. H. CARRUTHERS GOULD, of the Stock Exchange. Second edition revised and brought up to date. In demy 8vo, cloth gilt, 348 pp. 5s. net.

"It is possible to hail with something more than merely passing gratitude on our part, and we trust also on the part of members of the Stock Exchange, a new edition of a work which, on its first appearance, met with a reception commensurate with its merits . . . worth double the price the Publishers ask for it."—*Financier*.

BANKRUPTCY AND BILLS OF SALE. An "A B C" of the Law. By W. VALENTINE BALL, M.A., of Lincoln's Inn, and the North Eastern Circuit, Barrister-at-Law. In demy 8vo, cloth gilt, 386 pp., 5s. net. Second edition, enlarged and brought up to date.

"Mr. Ball has elucidated an abstruse subject so clearly that the non-expert may consult with understanding and profit, but he has also kept in view the special requirements of chartered accountants. The 'A B C' arrangement is a novel feature, but a welcome one, in a work of this kind, for it permits of easy reference on a point without any break in the sequence of a closely-reasoned work that embodies authoritative decisions on the many points involved."—*Financier*.

THE LAW OF HEAVY AND LIGHT MECHANICAL TRACTION ON HIGHWAYS IN THE UNITED KINGDOM. By C. A. MONTAGUE BARLOW, M.A., LL.D., M.P., and W. JOYNSON HICKS, M.P. In demy 8vo, cloth gilt, 318 pp., 8s. 6d. net.

"An excellent book. The manner in which the subject is treated is quite admirable, and the various decisions dealing with the subject are well classified and rendered perfectly clear, as in fact are the entire contents of the book. Certainly the best practical handbook that we have seen on the subject."—*Motor Traction*.

PITMAN'S MERCANTILE LAW. By J. A. SLATER, B.A., LL.B.

A practical exposition for law students, business men, and advanced classes in commercial colleges and schools. Second Edition, Revised. In demy 8vo, cloth gilt, 448 pp., 5s. net.

"We are not surprised that a second edition should have been called for. Business men will find it a book of reference which will provide them with the rules of law upon general subjects in a short and clear form, and the law student, too, will find it of considerable assistance."—*Law Times*.

PITMAN'S HANDBOOK OF LOCAL GOVERNMENT LAW.

Specially designed for all engaged in the offices of Local Authorities in England and Wales, and for Public Men. By J. WELLS THATCHER. Of the Middle Temple, Barrister-at-Law. In crown 8vo, cloth gilt, 250 pp., 3s. 6d. net.

LOCAL GOVERNMENT CASE LAW. By RANDOLPH A. GLEN, M.A., LL.B. (Cantab.), Barrister-at-Law, of the Middle Temple and Western Circuit. In three volumes. Vol. I (1910), 176 pp., demy 8vo, cloth gilt, 5s. net. Vol. II (1911), about 350 pp., demy 8vo, cloth gilt, 7s. 6d. net. Vol. III (1912), 356 pp., in demy 8vo, cloth gilt, 10s. net.

In these three volumes over 1,200 cases (English, Scottish, and Irish), decided in 1910, 1911 and 1912, are collected for the use of Clerks to Local Authorities, Members of the Legal Profession, Justices of the Peace, local authorities and other municipal workers.

ENCYCLOPÆDIA OF MARINE LAW. By LAWRENCE DUCKWORTH, of the Middle Temple, Barrister-at-Law. Second Edition. Revised. In demy 8vo, cloth gilt, 386 pp., 5s. net.

"The object of this volume is to place before a shipowner or anyone connected with maritime commerce, in well-digested form, the essence of the law and the full meaning of words connected therewith. The advantage of such lucid condensation of a library of books in a single volume will, we venture to believe, be appreciated by busy men of commerce."—*Shipping World*.

PITMAN'S GUIDE TO THE LAW OF LICENSING. The handbook for all Licence-holders. By J. WELLS THATCHER, Barrister-at-Law. In demy 8vo, cloth gilt, 200 pp., 5s. net.

This guide has been specially written for the use of licence-holders. The various subjects are treated in alphabetical order, and will be found easy for instant reference. The alphabetical arrangement of the titles will be of service, both to "The Trade," and to the trained minds of the legal profession, for it gives a short and accurate summary of each subject of the law of licensing.

RAILWAY (REBATES) CASE LAW. By GEO. B. LISSENDEN, Author of "Railway Trader's Guide," etc., etc. In demy 8vo, cloth gilt, 450 pp. 10s. 6d. net.

"Mr. Lissenden has done a great service. . . Any satisfactory report of these complicated cases before the Railway and Canal Commission must necessarily go into considerable detail, and this book supplies it, thereby saving the inquirer much trouble and expense by concentrating them in one volume."—*Railway Gazette*.

HOUSEHOLD LAW. By J. A. SLATER, B.A., LL.B. (Lond.). In demy 8vo, cloth gilt, 316 pp., 5s. net.

"The scheme of this book is quite admirable. It covers almost every phase of a householder's existence, and continues it even to the winding up of his estate."—*Morning Post*.

COMPANIES AND COMPANY LAW. Together with the Companies (Consolidation) Act, 1908. By A. C. CONNELL, LL.B. (Lond.), of the Middle Temple, Barrister-at-Law. In demy 8vo, cloth gilt, 344 pp., 5s. net.

"The volume before us will afford great assistance to all persons who are at any time brought into contact with joint stock companies. The numerous points of company law will be found to be lucidly explained, and copies of all the more important forms are set out."—*Law Times*.

FARM LAW. By M. G. JOHNSON. This is a handy volume which cannot fail to be of the greatest use to farmers, land agents, surveyors, and all other persons who have to deal with land and landed interests. In demy 8vo, cloth gilt, 160 pp., 3s. 6d. net.

"This work is a very successful attempt to supply in clear and simple language a summary of the law relating to the farm and the agricultural holding."—*Land Agents' Record*.

THE LAW OF CARRIAGE. By J. E. R. STEPHENS, B.A. Of the Middle Temple, Barrister-at-Law. In demy 8vo, cloth gilt, 324 pp., 5s. net.

"It deals with the subject in a clear, concise manner, and should undoubtedly appeal to those persons for whom it is intended. Practically the whole of the cases on this branch of the law are referred to in the volume."—*Law Times*.

INCOME TAX AND INHABITED HOUSE DUTY LAW AND CASES. A Practical Exposition of the Law, for the use of Income Tax Officials, Solicitors, Accountants, etc. By W. E. SNELLING, of the Inland Revenue Department. In demy 8vo, cloth gilt, 278 pp., 5s. net.

"Mr. Snelling has done his work as compiler extremely well. The numerous sections are models of clearness and brevity, while in most instances they are illustrated and supported by references to the decisions of high legal authorities upon the particular points concerned. There are three useful appendices and a copious index."—*Morning Post*.

THE LAW RELATING TO SECRET COMMISSIONS AND BRIBES (CHRISTMAS BOXES, GRATUITIES, TIPS, ETC.) THE PREVENTION OF CORRUPTION ACT, 1906. By ALBERT CREW, of Gray's Inn, and the South Eastern Circuit, Barrister-at-Law; Lee Prizeman of Gray's Inn; author of "A Synopsis of Mercantile Law," "Company Law," etc. In demy 8vo, cloth gilt, 5s. net.

"It is an admirable summary of the law before and after the passing of the Prevention of Corruption Act, 1906, with an excellent analysis of the Act and full reference to cases. It is a very good handbook of its kind. The exposition is clear and reference is easy."—*Westminster Gazette*.

THE LAW OF REPAIRS AND DILAPIDATIONS. By T. CATO WORSFOLD, M.A., LL.D. In crown 8vo, cloth gilt, 3s. 6d. net.

THE LAW OF EVIDENCE. By W. NEMBARD HIBBERT, LL.D (Lond.), Barrister-at-Law of the Middle Temple. In crown 8vo, cloth gilt, 3s. 6d. net.

THE WORLD'S COMMERCIAL PRODUCTS. A descriptive account of the Economic Plants of the World and of their Commercial Uses. By W. G. FREEMAN, B.Sc., F.L.S., Superintendent, Colonial Economic Collections, Imperial Institute, London, and S. E. CHANDLER, D.Sc., F.L.S., Assistant, Colonial Economic Collections, Imperial Institute, London. With contributions by numerous Specialists. In demy 4to, cloth gilt, 400 pp., 420 illustrations from photographs and 12 coloured plates and maps, 10s. 6d. net.

DICTIONARY OF THE WORLD'S COMMERCIAL PRODUCTS. With Equivalents in French, German, and Spanish. Second Edition, Revised. In demy 8vo, cloth gilt, 164 pp., 2s. 6d.

THE THEORY AND PRACTICE OF COMMERCE. Being a Complete Guide to Methods and Machinery of Business. Edited by F. HEELIS, F.C.I.S., Author of "How to Teach Business Training," "Questions and Answers in Business Training," etc. *Examiner in Business Training to the Lancashire and Cheshire Union of Institutes, the West Riding County Council, and the Midland Union of Institutes.* Assisted by Specialist Contributors. In demy 8vo, cloth gilt, 620 pp., with many facsimile forms, 4s. 6d. net. Also in 2 vols., each price 2s. 6d. net.

PITMAN'S GUIDE TO BUSINESS CUSTOMS AND PRACTICE ON THE CONTINENT. By EMIL DAVIES. In crown 8vo, cloth gilt, 154 pp., 2s. 6d. net.

A NEW DICTIONARY OF THE PORTUGUESE AND ENGLISH LANGUAGES. Based on a manuscript of JULIUS CORNET, by H. MICHAELIS. In two Parts. First Part: Portuguese-English. Second Part: English-Portuguese. Colloquial, commercial, and industrial terms have been plentifully introduced throughout the book and irregularities in the formation of the plural and in the conjugation of verbs have been carefully noted. Second Edition. Two volumes, each 15s. net.

ABRIDGED DICTIONARY OF THE PORTUGUESE AND ENGLISH LANGUAGES. Including Technical Expressions of Commerce and Industry, of Science and Arts. By H. MICHAELIS. In crown 8vo, cloth, 15s. net.

The present Dictionary is an abridgment of the author's larger Portuguese and English Dictionary, its whole construction and principal features being the same as those of the larger work. In two Parts. I. Portuguese-English. English-Portuguese. Both Parts in one vol.

PITMAN'S DICTIONARY OF COMMERCIAL CORRESPONDENCE IN FRENCH, GERMAN, SPANISH AND ITALIAN. Second, Revised, and cheaper Edition. In demy 8vo, cloth, 502 pp., 5s. net.

"Nine hundred columns are occupied by the dictionary, and in an appendix of more than fifty pages we have specimen letters dealing with the most important phases of commercial life. They are practical models which can easily be adapted. Care has been taken throughout to give the student the essentials of a good style of commercial correspondence in a clear and helpful fashion, and as a work of reference the volume is invaluable."—*Manchester Courier*.

ENGLISH-FRENCH AND FRENCH-ENGLISH DICTIONARY OF BUSINESS WORDS AND TERMS. Size $2\frac{1}{2}$ by $6\frac{1}{2}$ ins., cloth, 2s. 6d. net.

In this work an effort has been made to bring together a great many terms used in commercial correspondence which are not contained in the dictionaries in ordinary use.

ENGLISH-GERMAN AND GERMAN-ENGLISH DICTIONARY OF BUSINESS WORDS AND TERMS. A new pocket English-German and German-English Dictionary, with a list of Abbreviations in general use, by FRITZ HUNDEL. Size $2\frac{1}{2}$ by $6\frac{1}{2}$ in., rounded corners, roan, 2s. 6d. net.

PITMAN'S INTERNATIONAL MERCANTILE LETTERS. A Collection of Actual Letters arranged in Groups illustrating modern mercantile methods, and forming models for the Foreign Correspondent. Five volumes. Each in crown 8vo, cloth gilt, 250 pp.

ENGLISH 2s. 6d.	ENGLISH-FRENCH .. 2s. 6d.
ENGLISH-GERMAN .. 2s. 6d.	ENGLISH-ITALIAN .. 3s. 0d.
ENGLISH-PORTUGUESE .. 3s. 6d.	

CONSULAR REQUIREMENTS FOR EXPORTERS AND SHIPPERS TO ALL PARTS OF THE WORLD. By J. S. NOWERY. In crown 8vo, cloth. With exact copies of all forms of Consular Invoices. 2s. 6d. net.

THE THEORY AND PRACTICE OF ADVERTISING. By WALTER DILL SCOTT, Ph.D., Director of the Psychological Laboratory of North Western University, U.S.A. In large crown 8vo, cloth, with 61 illustrations, 240 pp., 6s. net.

The Author of this work has made advertising the study of his life and is acknowledged as one of the greatest authorities on the subject in the United States.

THE PSYCHOLOGY OF ADVERTISING. A Simple Exposition of the Principles of Psychology and their Relation to Successful Advertising. By the same Author. In large crown 8vo, cloth, with 67 illustrations, 282 pp., 6s. net.

In this book, Professor Dill Scott does not merely state principles and theorize upon them—he furnishes characteristic examples and appropriate illustrations in explanation and support of his views.

THE PRINCIPLES OF PRACTICAL PUBLICITY. "The Art of Advertising." By TRUMAN A. DE WEESE. In large crown 8vo, cloth, with 43 full-page illustrations, 266 pp., 7s. 6d. net.

The Author was in charge of Special Publicity for the Louisiana Purchase Exposition at St. Louis (1904), and is Director of Publicity for one of the largest advertising firms in America. The book will be found a comprehensive and practical treatise covering the subject in all its branches, showing the successful adaptation of advertising to all lines of business.

ADVERTISING AS A BUSINESS FORCE. A Compilation of Experience Records. By P. T. CHERINGTON, Instructor in Commercial Organisation in the Graduate School of Business Administration, Harvard University. In demy 8vo, cloth gilt, 586 pp., 7s. 6d. net.

"Prof. Cherington's book is incomparably the best and most authoritative work on the general subject of advertising that has yet been issued. Here, at last, we have a book that represents advertising in the way its most advanced exponents see it that illustrates it with instances drawn from the field of actual occurrences. Theories and principles, in this manner, emerge naturally from the concrete cases adduced and stand out as verdicts; they are not special pleading in advance of the evidence. Nothing like this book has been given to the advertising world before."—"*Printers' Ink*" (U.S.A.).

PRACTICAL SALESMANSHIP. A treatise on the Art of Selling Goods. By N. C. FOWLER, JR. Assisted by twenty-nine Expert Salesmen, Sales managers, and prominent business men. In crown 8vo, cloth, 337 pp., 3s. 6d. net.

ADS AND SALES. A study of Advertising and Selling from the standpoint of the new principles of Scientific Management. By HERBERT N. CASSON. In demy 8vo, cloth, 6s. net.

SYSTEMATIC INDEXING. By J. KAISER. In royal 8vo, cloth gilt, with 32 illustrations and 12 coloured plates. 12s. 6d. net.

"Every bit of his book is worth reading; he not only shows what should be done, but why it should be done, and the reason that some other method should not be adopted. He not only guides in the right path, but also takes care to erect frequent warnings which are designed to prevent a wandering in other directions. He gives very frequent illustrations to amplify his text, and a careful perusal of his views will enable the ordinary business man to quickly seize upon the essentials in useful indexing."—*Liverpool Journal of Commerce*.

TELEGRAPH CIPHERS. By A. W. E. CROSFIELD, *Assoc. Municipal School of Commerce, Manchester*. Size, 12 in. by 12 in., cloth, 21s. net.

A condensed vocabulary of 101 Million pronounceable artificial words all of ten letters, and with a difference of at least two letters between each half-word of five letters.

THE "COLE" CODE, OR CODE DICTIONARY. Size 7½ in. by 10 in., 272 pp., cloth. 15s. net.

This book contains a simple, safe, and economical method of cabling verbatim commercial, technical, and social messages, complete and up to date, with unlimited facilities for extensions to suit any kind of business, including cabling from books, catalogues, price lists, etc. There are also two extra vocabularies of 10,000,000 words each, arranged in alphabetical and numerical order.

OUTLINES OF THE ECONOMIC HISTORY OF ENGLAND. A Study in Social Development. By H. O. MEREDITH, M.A., M.Com., Fellow of King's College, Cambridge; Professor of Economics, Queen's University, Belfast. In demy 8vo, cloth gilt, 376 pp., 5s. net.

"Beginning with the Economic development of Britain during the Roman occupation, the work traces the progress made down to the present day, in the course of which Mr. Meredith discusses such interesting subjects as the genesis of capitalism, money and taxation, the growth of trade and industry, the trade union movement, the law and the wage-earning classes, finance and national welfare, etc. To the student and busy man it affords an excellent introduction to the study of one of the most complex questions of the day."—*Chamber of Commerce Journal*.

ECONOMICS FOR BUSINESS MEN. By W. J. WESTON, M.A. (Lond.), B.Sc. (Lond.). In crown 8vo, cloth, 1s. 6d. net.

COMMERCIAL TRAVELLING. A Guide to the Profession for present and prospective Salesmen "on the road." By ALBERT E. BULL. In crown 8vo, cloth gilt, 2s. 6d. net.

THE ECONOMICS OF TELEGRAPHS AND TELEPHONES. By JOHN LEE, M.A., *Traffic Manager, Post Office Telegraphs*. In crown 8vo, cloth gilt, 2s. 6d. net.

TRAMWAY RATING VALUATIONS AND INCOME TAX ASSESSMENTS. By F. A. MITCHESON, *Accountant, Manchester Corporation Tramways*. In demy 8vo, cloth gilt, 2s. 6d. net.



